

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**



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Application of SOUTHERN CALIFORNIA  
GAS COMPANY (U 904 G) for Authority to  
Establish a Memorandum Account for the  
Angeles Link Project

Application 22-02-007  
(Filed February 17, 2022)

**PROTEST OF AIR PRODUCTS AND CHEMICALS, INC.**

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**PROTEST OF AIR PRODUCTS AND CHEMICALS, INC.**

Air Products and Chemicals, Inc. (Air Products) respectfully submits this Protest to the above-captioned Application, in accordance with Section 2.6 of the California Public Utilities Commission’s Rules of Practice and Procedure.<sup>1</sup>

**I. INTRODUCTION**

On February 17, 2022, Southern California Gas Company (SoCalGas) filed the Application requesting that the Commission authorize it to establish a memorandum account to track the expenses it expects to incur for its proposed Angeles Link Project. The Application proposes developing a transportation system to deliver green hydrogen to industrial, power-generation, and transportation end users in the Los Angeles Basin.

The Application should be denied. SoCalGas does not and cannot satisfy its burden to establish that a memorandum account is appropriate (1) for an elective project (2) that is entirely unrelated to regulated utility service and (3) will produce no direct benefit to its natural gas ratepayers. It is axiomatic that a memorandum account can only track costs that are capable of ultimately being recovered from a utility’s ratepayers. Here, the proposal would result in detriment to ratepayers in the form of impermissible subsidies. Moreover, there is already a robust and competitive hydrogen production and transportation market in California. If SoCalGas desires to enter it, it should do so on the same level playing field as the current

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<sup>1</sup> While many of the issues Air Products will raise are more in the nature of “present[ing] information . . . useful to the Commission in acting on the application,” and thus this filing could also be styled a “Response,” Air Products will also raise issues about the authority sought and the categorization of this proceeding, which make this filing technically a Protest. *See* Rule 2.6(c). The Application referred to responsive filings as “Comments” and proposed a timeline for the same. However, it is Air Products’ understanding that pursuant to Rule 2.6(a)-(d), responsive filings to Applications are appropriately captioned as either Protests or Responses, and Rule 2.6(a) sets the deadline for filing the same.

participants, without subsidization from its captive ratepayers. Granting the pending Application risks sending an unintended market signal that could deter competition and inhibit innovation in an industry imperative to meeting the state's laudable clean-energy goals.

## **II. EFFECT ON THE PROTESTANT**

Air Products is the largest hydrogen producer in the world, with over 8,000 metric tons of daily production capacity and over 1,800 miles of industrial-gas pipelines. Founded in 1940, Air Products is a global leader in the production, distribution, storage, transport, and use of hydrogen, including the use of hydrogen for fuel and the potential use of hydrogen in decarbonizing the energy sector, in the safest and most environmentally conscious manner.

Air Products has proudly supplied hydrogen to California businesses for over thirty years. Air Products safely operates nine hydrogen-production facilities and twenty-seven miles of hydrogen pipeline, and supplies industrial facilities and a network of light- and heavy-duty transit-bus hydrogen fueling stations in California, taking a leading role in meeting the state's goal to transition to zero-tailpipe-emissions transportation.

Air Products has also recently announced the world's largest green hydrogen project – a \$5 billion project that will deploy nearly five times more electrolyzer capacity than had been installed globally at the time the project was announced. The facility will provide enough hydrogen to power roughly 26,000 buses or 13,000 Class 8 trucks every day, and Air Products has committed an additional \$2 billion to develop the infrastructure to bring hydrogen fuel to mobility markets. Air Products has also announced the world's largest carbon capture and sequestration (CCS) project in Louisiana, along with a \$1 billion net-zero carbon blue hydrogen project in Alberta, Canada. The Louisiana project is a \$4.5 billion investment and will produce approximately enough hydrogen to fuel roughly 72,000 buses or 36,000 Class 8 trucks every day. It will sequester over five million metric tons per year of carbon dioxide.

Air Products provides clean, essential industrial gases, related equipment, and applications expertise to dozens of industries in more than fifty countries, and therefore touches the lives of consumers around the globe in positive ways each day. Air Products cares about the safety and reputation of our industry, and we believe our expertise and perspective would be particularly helpful and relevant to the Commission in this proceeding.

The Application is not an ordinary request for a memorandum account. Air Products is concerned that the ownership and operation of hydrogen-related assets by regulated natural-gas

utility monopolies will distort the existing competitive market for hydrogen and result in an uneven playing field. The relief requested could have broad regulatory, policy, and economic implications for the competitive market for hydrogen, and risks deterring innovation in an industry that the state has recognized will be critical to meeting its clean-energy goals.

### **III. GROUNDS FOR PROTEST AND ISSUES PRESENTED**

SoCalGas seeks approval to establish a memorandum account to “track the incremental costs associated with stakeholder engagement and engineering, design and environmental work” for its proposed Angeles Link Project.<sup>2</sup> The project would develop one or more pipelines to move hydrogen from other sites in California into Los Angeles, “to support current and future green hydrogen end users, including ‘hard-to-electrify’ industries, electric generation and the heavy duty transportation sector[.]”<sup>3</sup> The only “potential end user” of its proposed transport system identified in the Application is the Los Angeles Department of Water and Power (“LADWP”).<sup>4</sup> SoCalGas confirms the project “would be unrelated to any efforts involving blending hydrogen into the existing natural gas transmission and distribution system.”<sup>5</sup>

Since memorandum accounts involve (1) tracking costs to be potentially ratebased for (2) regulated utility service, it is axiomatic that a memorandum account is void *ab initio* if it seeks costs that cannot be ratebased, or seeks reimbursement for non-public-utility activities.

#### **A. The Project Does Not Meet Requirements for Memorandum Accounts.**

The Application should be denied because SoCalGas cannot show that the Angeles Link Project meets the elements the Commission has established for creating memorandum accounts. The Commission has determined that memorandum accounts are appropriate only where: (1) the expense is caused by an event of an exceptional nature that is not under the utility’s control, (2) the expense could not have been reasonably foreseeable in the utility’s last general rate case, (3)

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<sup>2</sup> Application at 1, 21-22.

<sup>3</sup> *Id.* at 2, 22. “SoCalGas does not [however] propose developing hydrogen production facilities as part of the scope of the Project[.]” and its cost estimates for the Project explicitly exclude “costs associated with hydrogen production upstream of SoCalGas’s point of receipt[.]” *Id.* at 25 n.62

<sup>4</sup> *Id.* at 28.

<sup>5</sup> Application at 37.

the expense will occur before the utility's next rate case, (4) the expense is of substantial nature, and (5) ratepayers will benefit by the memorandum-account treatment.<sup>6</sup>

However, “[r]egardless of the specific factors considered, the question presented to the Commission in all [requests to establish a memorandum account] is whether a utility should be permitted to seek rate recovery” of the costs at issue.<sup>7</sup> In other words, a memorandum account can only track costs that are capable of ultimately being recovered from the utility's ratepayers.

While the Application was careful to offer arguments on all the above factors, a closer look reveals that it fails to satisfy several critical requirements.

### **1. The Angeles Link Project Was Not Caused by an Exceptional Event Beyond SoCalGas's Control.**

SoCalGas claims that the requested memorandum account is warranted because the proposed Angeles Link Project “responds to an event of an exceptional nature that is not under SoCalGas's control—climate change.”<sup>8</sup> SoCalGas misconstrues the standard. The Commission has squarely held that a utility's decision to undertake an elective project does not qualify as an event beyond the utility's control. *See In re Application of California-American Water Company*, 2021 Cal. PUC LEXIS 198, at \*8 (C.P.U.C. 2021) (denying California-American Water Company's request to establish memorandum account for transaction-related costs and consulting fees incurred in acquisition of Hillview Water Company because “the sole event that triggers the enumerated expenses in [the memorandum accounts] is Cal-Am's decision to purchase Hillview, an event that is neither exceptional nor beyond Cal-Am's control”).

Climate change has been a threat for decades, and has been exacerbated by incidents like the Aliso Canyon leak. Even putting this irony aside, it is clear that “climate change” has not

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<sup>6</sup> E.g., *Approving and denying elements of Pacific Gas and Electric Company's (PG&E) Advice Letter 4401-G/6116-E Requests to Comply with Decision 20-05-053 to Implement an Independent Safety Monitor (ISM)*, Resolution M-4855, 2021 Cal. PUC LEXIS 466, at \*37 (C.P.U.C. Aug. 5, 2021); *Decision On Test Year 2018 General Rate Case For Southern California Edison*, D.19-05-020, 2019 Cal. PUC LEXIS 226, at \*242 (C.P.U.C. May 16, 2019); *Alternate Decision Authorizing Establishment of Wildfire Expense Memorandum Account*, D.18-06-029 (C.P.U.C. June 22, 2018), p. 7; *In re Application of California-American Water Company*, D.21-05-018, 2021 Cal. PUC LEXIS 198, at \*8 (C.P.U.C. May 6, 2021) (applying five factor test outlined in Standard Practices U-27-W); *In re Application of San Gabriel Valley Water Company*, D.10-04-031, 2010 Cal. PUC LEXIS 98, at \*78 (C.P.U.C. Sept. 10, 2010).

<sup>7</sup> D.10-04-031, *supra* note 6, at \*78.

<sup>8</sup> Application at 3.

*obligated* SoCalGas to undertake the Proposed Project – and the Commission has soundly rejected similar arguments in the past.<sup>9</sup> Nor did LADWP’s recent Request for Information somehow obligate this project.<sup>10</sup> The “sole event that trigger[ed]” the expenses SoCalGas seeks to track in the requested Memo Account was *its own decision* to initiate the project. That choice was not beyond its control. For this reason alone, the Application should be denied.

## **2. The Angeles Link Project Would Not Provide Regulated Utility Service.**

The Application should also be denied because the costs SoCalGas seeks to record in the requested Memo Account are not related to its public utility operations. A memorandum account is only appropriate to record costs associated with a utility’s regulated business.<sup>11</sup> The Angeles Link Project, which, if developed, would provide upstream hydrogen transportation services “unrelated to any efforts involving blending hydrogen into the existing natural gas transmission and distribution system[,]”<sup>12</sup> and, thus, is not a regulated public utility service.

Ensuring that ratepayers do not subsidize forays into unregulated business lines has long been a priority of the Commission. *See In Re Com’n Rules Regarding Elec. Util. Purchases of Elec. Power* D.82-01-103, 8 CPUC 2d 20, 1982 WL 196903, at \*7 (Jan. 21, 1982) (stating, “Our primary concern is . . . the avoidance of any subsidization by the regulated entity (and thus its ratepayers) of the unregulated business.”).

With a few conclusory paragraphs, the Application implied that Commission regulation of hydrogen as a public utility and the rate-based recovery of costs associated with the same are obvious and understood.<sup>13</sup> The Commission is nationally recognized as a thoughtful, scrupulous, and thorough regulator. The notion that it somehow missed what the Application implies is obvious is simply not credible. The Commission has never regulated the upstream provision of hydrogen as a gas service. Instead, hydrogen production and transmission has long been safely

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<sup>9</sup> See also Resolution M-4855, *supra* note 6, at \*37 (denying PG&E’s request for memorandum account for an independent safety monitor on wildfires, noting that wildfires were caused in whole or in part by PG&E, and finding that “the costs PG&E will incur to engage the ISM are not of an exceptional nature outside PG&E’s control”).

<sup>10</sup> *Id.* at \*39-40, \*42.

<sup>11</sup> D.10-04-031, *supra* note 6, at \*78.

<sup>12</sup> Application at 37.

<sup>13</sup> *Id.* at 20-21.

regulated by the Pipeline and Hazardous Materials Safety Administration at the federal level and by the Office of the State Fire Marshal, Pipeline Safety Division in California.

Hydrogen has not traditionally been considered a “gas” subject to regulation under the Public Utilities Code. Instead, the references to gas in Public Utilities Code Section 216 and related code sections were originally and have always been since understood to regulate the provision of hydrocarbon gases to the public, whether in the form of “natural gas” or one formulation or another of “manufactured” or “artificial” gas. When the provisions that would become Sections 216, 221, and 222 of the Public Utilities Code were passed in 1911,<sup>14</sup> the “gas” in use for heating and illumination was hydrocarbon gas.<sup>15</sup> In an era when coal and crude oil were gasified to light streets and heat homes, the California Legislature certainly did not contemplate that hydrogen would be a regulated “gas.” The same is true still today. The gas supplied today by the state’s gas utilities is hydrocarbon gas.<sup>16</sup>

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<sup>14</sup> See Ex. A (Statutes of California 1911, Ch. 14 at 20 § 2(o) (“the term ‘gas plant’ when used in this act, includes all real estate, fixtures and personal property, owned, controlled, operated, or managed in connection with for to facilitate the production, generation, transmission, delivery or furnishing of gas (natural or manufactured) for light, heat or power” (precursor to Section 221))); *id.* § 2(p) (precursor to 222, defining “gas corporation”); *id.* at 22 § 2(bb) (precursor to 216, defining “public utility”). The Commission should take official notice of the original enactment. See Commission Rule of Practice and Procedure 13.10; Cal. Evid. Code § 451(a).

<sup>15</sup> See, e.g., Ex. B (American Dictionary and Cyclopedia (1900) at 1975 (defining “gas” in relevant part, as: (i) “[i]n popular language, a compound of various gases used for illuminating and heating purposes. It is some form of carbureted hydrogen artificially made and distributed by pipes to points of consumption. The common kind is coal gas obtained from bituminous coals by carbonization in retorts at high temperature. A carbureted hydrogen gas, called water gas, resulting from passing of steam through a mass of incandescent carbon and the subsequent admixture of hydrocarbons or other enriching substances is also used. Oil-gas is an illuminating gas obtained by distilling at high temperature of petroleum and other liquid hydrocarbons.”)); Ex. C (Board of Public Utilities of Los Angeles, Fifth Annual Report (July 1, 1913-June 30, 1914) at 31-40 (explaining that “[u]ntil July 17, 1913, the only gas supplied by the four [companies serving gas in Los Angeles at the time] was manufactured gas, being either straight crude oil gas or an oil gas mixed with water gas made from the carbon residue from the oil gas process” and that the only other gas supplied after that date was wither natural gas was from petroleum wells, various manufactured gases derived from petroleum products, or mixes of natural gas and manufactured gas)). The Commission should take official notice of these facts. See Commission Rule of Practice and Procedure 13.10; Cal. Evid. Code §§ 451(e), (f); see also *id.* § 452(h).

<sup>16</sup> E.g., SoCalGas Rule No. 02, Description of Service, <https://tariff.socalgas.com/regulatory/tariffs/tm2/pdf/02.pdf> (“The gas supplied by this Utility is natural gas that is obtained from various sources, primarily oil and gas fields, but also includes landfills and other biomass processes. The gas may consist of any combustible gas or gases so produced. The gas is processed to remove condensable constituents, to minimize the concentration of certain impurities as specified by orders of the California Public Utilities Commission and to add a warning Odorant as



The Legislature has subsequently confirmed that hydrogen is not the same and should not be regulated the same as the hydrocarbon gases regulated under the Public Utilities Code. In its most recent enactment on “hydrogen” in the Public Utilities Code, the Legislature tellingly used the disjunctive “either...or” to signify that hydrogen is different from natural gas. *See* Pub. Util. Code § 399.12(h)(3)(A)(iii) (discussing, “either natural gas or hydrogen”).<sup>17</sup> Under established principles of statutory construction, the use of “either...or” conclusively signifies the Legislature views those terms as different. *See White v. Cnty. of Sacramento*, 31 Cal. 3d 676, 680 (1982). Moreover, the Legislature has explicitly exempted the only existing retail application of hydrogen from regulation as a public utility. *See* Pub. Util. Code § 216(f) (“The ownership or operation of a facility that sells . . . hydrogen at retail to the public for use only as a motor vehicle fuel, and the selling of . . . hydrogen at retail from that facility to the public for use only as a motor vehicle fuel, does not make the corporation or person a public utility within the meaning of this section[.]”).<sup>18</sup>

Despite these statutory guideposts and historical precedent, SoCalGas remarkably contends that “the Commission has jurisdiction over the potential hydrogen gas energy system as part of [SoCalGas’s] ‘gas plant’ and may approve a Memo Account for [the Angeles Link] Project.” Yet, none of the orders or decisions cited in the Application support its novel theory.

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defined in Rule No. 1 (gas and Odorant referred to as ‘gas supplied’). Customers using gas supplied by this Utility for processes which are affected by impurities in excess of specified minimum levels are responsible for testing gas supplied and for rendering the gas suitable for their intended uses. Customers using gas supplied by this Utility should also take reasonable steps to prevent Odorant Fade, as defined in Rule No. 1, that may result in Consumer Equipment, as defined in Rule No. 1. This requirement does not apply to Odorant Fade occurring upstream of Consumer Equipment.”); PG&E Gas Rule No. 1, Definitions, [https://www.pge.com/tariffs/assets/pdf/tariffbook/GAS\\_RULES\\_1.pdf](https://www.pge.com/tariffs/assets/pdf/tariffbook/GAS_RULES_1.pdf) (defining “GAS: Any mixture of combustible and non-combustible gases used to produce heat by burning that can be accepted into a Utility pipeline without any compromise to operational safety or integrity. It shall include, but not be limited to, natural gas, renewable gas, biomethane, manufactured gas, or a mixture of any or all of the above. It shall meet the Utility’s quality specifications, tariffs, rules and other applicable regulations.”).

<sup>17</sup> The Commission recently confirmed this construct. *See Order Instituting Rulemaking to Establish Policies, Processes, and Rules to Ensure Safe and Reliable Gas Systems in California and Perform Long-Term Gas System Planning* (C.P.U.C. Jan. 27, 2020) at 2 (referring to natural gas as hydrocarbon only), 10-13, <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M325/K641/325641802.PDF>.

<sup>18</sup> SoCalGas’s proposal to use the Angeles Link Project to sell hydrogen for use as a fuel in heavy-duty trucks must, therefore, likewise be exempt. *Cf. Richfield Oil*, 54 Cal. 2d at 439-41 (sale of gas to public utility is a nonpublic utility business, unless dedicated to public use).

The cited General Orders are expressly directed to “public utilities” under Section 216 that are providing Commission-jurisdictional gas service and define the “gas” as governed by those particular rules.<sup>19</sup> Neither cited order purports to define “gas” or “public utility” for the purposes of Sections 221 or 216,<sup>20</sup> or provides any insight into to whether a project such as the Angeles Link would be subject to Commission regulation. At most, these orders indicate that a regulated utility could not escape Commission regulation by using hydrogen, in place of natural gas, as fuel gas when providing regulated gas service—a hypothetical SoCalGas confirms is not presented by the Application.<sup>21</sup>

The decisions SoCalGas cites also do not support regulation of the project. *In re Sound Energy Solutions*, 2004 WL 2610071 (C.P.U.C. Oct. 28, 2004), involved the provision of natural gas (in liquefied form) for ultimate resale in the traditional utility context. *In re SoCal Edison Co.*, 4 CPUC 2d 195, 1980 WL 128929 (Aug. 19, 1980) (“*Coal Gasification*”) involved a power company’s project to test the commercial viability of an integrated coal gasification combined cycle demonstration plant using a long-regulated manufactured hydrocarbon gas to that could transition from oil to gasified coal in order to serve its extant electric customers in its regulated business. Neither case has any bearing on whether SoCalGas’s project, which is intended to transport hydrogen solely to upstream suppliers and is wholly unconnected to its regulated business, constitutes a “gas plant” under Section 216.

*In re SoCal Edison Co.*, 4 CPUC 2d 156, 1980 WL 130264 (July 29, 1980) (“*Santa Catalina*”) demonstrates why Section 221’s exemption for propane likewise has no bearing on this issue. There, the issue was whether the propane exemption to Section 221 would exempt a utility’s facilities (which used a mixture of butane and propane to provide regulated gas service to retail customers) from regulation as a gas plant. *Id.* at \*1, \*3. The Commission found that it would not, and in the process explained the history of the propane exemption, which was intimately tied to federal allocation and price regulation of petroleum products. *Id.* at \*5. At the time *Santa Catalina* was decided, propane was still price regulated by the federal government, while butane was not. *Id.* at \*4-5. Finding that butane was thus not exempted and was the primary component of the gas supplied, the Commission asserted jurisdiction. *Id.* at \*5. Thus,

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<sup>19</sup> Application at 21 (citing General Orders 58-A, 58-B).

<sup>20</sup> *Id.*

<sup>21</sup> *Id.* at 37.

*Santa Catalina* is an anachronism, and its rationale has no modern analogue. The federal allocations and price controls at issue there have long since ceased to exist. In fact, the supply of natural gas is now open to competition both federally and in California. Furthermore, because *Santa Catalina* involved the provision of retail gas service to residential and commercial customers, the facilities at issue there were clearly regulated utility assets dedicated to public use.

At minimum, it would be premature for the Commission to conclude now that the hydrogen transport system SoCalGas *may* construct after conclusion of the Project (which is simply the development stage for the *potential* later construction) falls within the Commission’s jurisdiction. SoCalGas’s Application explicitly acknowledges that the Project “would be unrelated to any efforts involving blending hydrogen into the existing natural gas transmission and distribution system,”<sup>22</sup> and thus is unrelated to its regulated gas company operations. Instead, the stated purpose of the Project is to deliver solely green hydrogen to industrial, electric generation, and transportation end users in the Los Angeles Basin.<sup>23</sup> But the transmission of hydrogen to industrial and transportation end users is not regulated by the Commission.<sup>24</sup> And, even if hydrogen were a “gas” subject to regulation by the Commission, it is entirely unclear from the Application whether the potential pipelines would be used to supply only LADWP—the only electrical generation end-user identified in the Application<sup>25</sup>—or would or even *could* be opened up to the public more broadly. It is settled precedent in California that a pipeline is not automatically dedicated to public use because it transports gas to an electric generation end-user for use as fuel. *Richfield Oil Corp. v. Pub. Utilities Comm’n*, 54 Cal. 2d 419, 423-25 (1960). To qualify as a public use, the use “must be of such a character as that the general public may, if they choose, avail themselves of it.” *Thayer v. Cal. Dev. Co.*, 164 Cal. 117, 128-29 (1912) (finding water for irrigation is not public, because class of persons that can use it is necessarily more select, unless water is made available, as of right, on equal terms to all within the select class). “[D]edication is never ‘presumed without evidence of unequivocal intention’” and can

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<sup>22</sup> *Id.* at 37.

<sup>23</sup> *Id.* at 2, 5-6, 28.

<sup>24</sup> The provision of hydrogen to potential industrial end-users for feedstock has not been and is not regulated by the Commission. And to the extent that SoCalGas would be supplying hydrogen for use as a fuel in heavy-duty trucks it would be exempt from regulation under Section 216(f). *Cf. Richfield Oil*, 54 Cal. 2d at 439-41.

<sup>25</sup> Application at 28.

only be “inferred from action.” *Independent Energy Producers Assn., Inc. v. State Bd. of Equalization*, 125 Cal. App. 4th 425, 443 (2004) (emphasis added); *see also Southern California Edison Co. v. Railroad Commission*, 194 Cal. 757, 764 (1924) (until company engages in public service, it cannot be said to be within jurisdiction of Railroad Commission); *Richfield Oil*, 54 Cal. 2d at 441. It is simply too soon at this hypothetical stage to determine whether the potential pipelines that may be constructed as a result of this proposed Project would or could be dedicated to public use.<sup>26</sup> As currently conceived, the Project is intended to provide hydrogen to handful of corporate customers for end uses that are generally exempt from regulation. To the extent that the potential pipelines supply fuel for electric generation, it is unclear if it will have the capacity to provide that service to any entity other than LADWP. Therefore, at a minimum, the Commission should wait until SoCalGas presents its formal application for a certificate of public convenience and necessity to make a determination as to whether the potential pipelines are subject to its jurisdiction.

Finally, to the extent that any further questions remain as to whether the production or transmission of hydrogen should be regulated as a public utility, the Legislature should supply the answers. *Cf. Richfield Oil*, 54 Cal. 2d at 433 (finding the Legislature “can best determine whether there should be further regulation” of an industry that is and has been operating without regulation). There are currently thirty bills pending in the California Legislature that affect different aspects of the Application.<sup>27</sup> While the Commission awaits the statutory framework for hydrogen to be clarified, the establishment of a memorandum account is premature. *See Matter of the Application of Park Water Co.*, D. 16-01-009, 2016 WL 245453, at \*10 (C.P.U.C. Jan. 14, 2016) (declining to establish a memorandum account as too speculative, because the subject matter was subject to changing laws and regulations.)

### **3. The Angeles Link Project Would Not Benefit SoCalGas’s Ratepayers**

SoCalGas contends that the Angeles Link Project will benefit its ratepayers in multiple ways. SoCalGas is wrong for several reasons. First, SoCalGas argues that “[t]he Project would

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<sup>26</sup> “Whether or not dedication has occurred is a factual issue, to be determined on a case-by-case basis.” *Independent Energy Producers*, 125 Cal. App. 4th at 443.

<sup>27</sup> *See* Cal. Legislative Information, [https://leginfo.ca.gov/faces/billSearchClient.xhtml?author=All&lawCode=All&session\\_year=20212022&keyword=hydrogen&house=Both](https://leginfo.ca.gov/faces/billSearchClient.xhtml?author=All&lawCode=All&session_year=20212022&keyword=hydrogen&house=Both) (last visited Mar. 17, 2022).

benefit ratepayers by advancing California’s net zero goals, increasing use of clean fuels, and creating new jobs and economic benefits.”<sup>28</sup> But these benefits are not specific to SoCalGas ratepayers; they would be benefits to the public at large. Contrary to SoCalGas’s claim, Public Utilities Code section 740.8 does not suggest otherwise. Section 740.8 defines ratepayer “interests” as that phrase is used in Sections 740.3 and 740.12, which relate to “electricity-powered and natural gas-fueled low-emission vehicles” and “transportation electrification” programs. Those sections do not define ratepayer benefits with regard to a hydrogen pipeline project, such as Angeles Link. The Commission should not open the door to ratebasing costs for such distant, peripheral benefits in any other context without an express statutory mandate. And, perhaps most importantly, Sections 740.8 and 740.12 also require the Commission to ensure the programs and investments made as part of those programs “not unfairly compete with nonutility enterprises.” *Id.* §§ 740.3, 740.12. The project SoCalGas proposes here would unfairly compete with nonutility enterprises, which have long supplied hydrogen in California without regulation by the Commission and without ratepayer subsidies.

Second, SoCalGas claims that the project will benefit ratepayers “by offering for a high level of transparency and stakeholder engagement throughout the Project development process.”<sup>29</sup> But these are *implicit* ratepayer benefits of regulated businesses and thus do not qualify as the type of ratepayer benefits that must be shown to warrant authorization of a memo account. *E.g., San Gabriel Valley Water Co.*, 2010 Cal. PUC LEXIS 98, at \*80 (utility’s contention that the reasonableness review required to recover any costs tracked in a memorandum account is a basis to find that an application to establish the account would benefit ratepayers, because “[a]s an implicit ratepayer benefit, such review cannot be used as a bootstrap to satisfy the [benefit to ratepayer] factor which is designed to test the merits of each proposed memorandum account on a case-by-case basis”).

Third, allowing SoCalGas to subsidize its unregulated business by permitting it to seek rate recovery of the project’s costs at a later date would harm, not benefit, its ratepayers. SoCalGas seeks three types of improper cross-subsidies: (1) Regulatory. It seeks to have ratepayers from its regulated utility subsidize a non-regulated business appropriate for an

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<sup>28</sup> Application at 2; *see also id.* at 30-31, 34.

<sup>29</sup> *E.g.*, Application at 3, 30.

affiliate. (2) Geographic. It seeks to have ratepayers spanning multiple investor-owned service territories subsidize power generation in a municipal service territory. (3) Typological. It seeks to have natural-gas ratepayers subsidize an electricity and truck-fuel venture. Each one will be reviewed in turn.

Ensuring that ratepayers do not subsidize unregulated business lines has long been a “primary concern” of the Commission. See *In Re Com’n Rules Regarding Elec. Util. Purchases of Elec. Power*, D.82-01-103, 8 CPUC 2d 20, 1982 WL 196903 (Jan. 21, 1982). As the Commission has explained:

Improper cross-subsidies [resulting from utility diversification into nonregulated businesses can] increase the costs to be borne by basic ratepayers, undermining affordability and universal service goals. Unfair competition can drive otherwise efficient competitors out of the market, thereby increasing prices, decreasing customer choices, and discouraging innovation.

*Re Alt. Regulatory Frameworks for Local Exch. Carriers*, D.89-10-031, 33 CPUC 2d 43, 1989 WL 418720 (Oct. 12, 1989), *as modified*, 73 CPUC 2d 63, 1997 WL 448720 (June 25, 1997). “Ensuring reasonable rates requires that the relationship between the utility and its affiliates be transparent, and that the regulated revenue requirement is not the source of funding for competitive or unregulated ventures.” *OIR for Affiliate Transactions for Water and Sewer Companies*, D.10-10-019, 2010 WL 4251210 (C.P.U.C. Oct. 14, 2010).

SoCalGas, a hydrocarbon corporation, acknowledges that it proposes a new business venture<sup>30</sup> to provide hydrogen for industrial uses, electricity generation, and/or truck fuel<sup>31</sup> -- business lines have nothing to do with the SoCalGas’s extant business. (Indeed, it does not even propose using methane as a feedstock for its hydrogen.<sup>32</sup>) It is unjust and unreasonable to allow SoCalGas to seek any rate recovery from its residential, commercial, agricultural, and industrial ratepayers for thermal natural gas, to subsidize its development of a new, unregulated hydrogen-for-power and hydrogen-for-fuel business venture.<sup>33</sup>

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<sup>30</sup> Application at 4, 25-26, and *passim* (requesting a new Certificate of Public Convenience and Necessity).

<sup>31</sup> *Id.* at 4, 16, and *passim*.

<sup>32</sup> *Id.* at 2 n2.

<sup>33</sup> And it certainly should not be permitted to seek cost recovery from its current ratepayers. SoCalGas does not and cannot identify any immediate benefit its current ratepayers would receive from

Finally, it is manifestly improper to make the ratepayers of one service territory subsidize the benefits of ratepayers in another. See *Hansen v. City of San Buenaventura*, 42 Cal. 3d 1172, 1185 (1986) (disapproved in part on unrelated grounds); see also Pub. Util. Code § 451 (all charges to ratepayers must be “just and reasonable”).<sup>34</sup> Granting the Application would create an improper cross-territorial subsidy with SoCalGas’s natural-gas ratepayers within Southern California Edison’s electrical service territory covering the cost of electrical generation in LADWP service territory. The shareholders of a non-regulated affiliate of SoCalGas, not its ratepayers, should bear the costs of this Project.

Moreover, *Coal Gasification* militates against the establishment of a memorandum account. There, the Commission refused to rate base Edison’s capital contribution for a demonstration project for a synthetic natural gas intermediary for use in Edison’s existing electrical-power generation. 1980 WL 128929, at \*3, \*12. Although the Commission authorized Edison to seek rate recovery of its costs for the project, it expressly limited any such recovery “to the value of electricity generated by the project” that its current customers would immediately receive. *Id.* at \*1, \*8. SoCalGas does not identify any direct and immediate benefit its ratepayers would receive from the proposed Project. Nor could it. The proposed Project is the development stage for the *potential later* construction of a hydrogen transport system,<sup>35</sup> a transport system that, even if constructed, is not intended to serve SoCalGas’ current ratepayers.

**B. Granting the Application Risks Sending an Unintended Market Signal that Would Deter Innovation.**

Approving the Application to impose regulation on the hydrogen industry “would create manifold problems”<sup>36</sup> at a pivotal point in the state’s race to meet its leading clean energy goals.

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the proposed Project—which is simply the development stage for the potential *later* construction of a hydrogen transport system designed to serve a different and discrete group of customers. Cf *Coal Gasification*, 1980 WL 128929, at \*1, \*8 (limiting cost recovery for demonstration project that would integrate coal gasification with a combined cycle powerplant to explore the commercial feasibility of producing synthetic gas, to the value of electricity generated by the project that its current customers would immediately receive).

<sup>34</sup> Here, the proposal is doubly improper because it proposes one municipal utility as the off-taker, and the provision of gas to one utility customer is generally not regulated as a public utility. See *Richfield Oil*, 54 Cal. 2d at 437. SoCalGas is free to enter into contractual agreements with the LADWP.

<sup>35</sup> Application at 23-28.

<sup>36</sup> *Richfield Oil*, 54 Cal. 2d at 431 (refusing to interpret Public Utilities Code to extend Commission’s broad regulatory power to upstream oil and gas companies that supply gas for power

Regulation molded by one company to benefit it would raise barriers to entry for new market participants, in the form of additional regulatory hurdles and delays, such as the need for a Certificate of Public Convenience and Necessity. Many potential entrants may not want to be regulated as public utilities and will direct their investments elsewhere.

The Legislature has already concluded that the limited retail market for hydrogen is not a public utility.<sup>37</sup> And as detailed above, despite the absence of cost recovery or regulated return, numerous businesses, particularly the protestant, have chosen to invest in the private hydrogen market. The balancing of public and private interests that underpins the traditional regulatory compact is absent in the hydrogen industry.<sup>38</sup> As has already been demonstrated by the restructuring of the natural-gas industry, the upstream supply and transportation of a gas is not a natural monopoly immune to competitive forces.

California has led the nation in pursuing clean and renewable alternative fuels. As SoCalGas accurately observes hydrogen will play a significant role in decarbonization and combating climate change.<sup>39</sup> The Commission should not stifle innovation, competition, and

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generation, in part, because “[t]o impose such regulation on the oil and gas industry as it exists today by a new construction of the act would create manifold problems”).

Nor is it even apparent that rate recovery will even be necessary. As SoCalGas acknowledges in its Application, “the bipartisan Infrastructure Investment and Jobs Act (“IIJA”) mandates developing a National Hydrogen Strategy and Roadmap and allocates \$9.5 billion for clean hydrogen programs, including \$8 billion for at least four regional clean hydrogen hubs[.]” Application at 18 (citing Infrastructure Investment and Jobs Act, Pub.L. No. 117-58 (Nov. 15, 2021) § 40314, 135 Stat. 1008). Noticeably missing from the Application is any indication whether SoCalGas intends to apply for federal funding. *See In Re California Water Serv. Co.* D.04-03-040, 2004 WL 723881 (C.P.U.C. Mar. 16, 2004) (denying application for memorandum account where it was probable that utility would likely receive federal funding for new plant).

<sup>37</sup> Pub. Util. Code § 216(f).

<sup>38</sup> “The traditional compact is composed of several key components. First, it grants the utility monopoly franchise rights. Second, it ensures the utility’s financial integrity by granting it an opportunity to recover reasonably incurred expenses and earn a fair return on its investment. In return for these privileges, the utility is subject to regulation by [the] Commission according to jurisdiction granted it under the state constitution and by statute; with that jurisdiction comes the Commission’s duty to ensure the utility provides safe, reliable and reasonably priced service to all consumers within its monopoly franchise according to terms and conditions which do not unduly discriminate against any consumer.” *Order Instituting Rulemaking on the Commission’s Proposed Policies Governing Restructuring California’s Electric Services Industry and Reforming Regulation*, 1994 Cal. PUC LEXIS 336, at \*54 (C.P.U.C. Apr. 20, 1994).

<sup>39</sup> *E.g.*, Application at 8-10.



private investment in this developing industry by subjecting it to regulation envisioned by one company, particularly where, as here, there are no captive customers in need of protection. The Commission should continue to allow the market to address the demand for hydrogen without additional regulatory burdens or anticompetitive advantages to legacy utilities.

#### **IV. CATEGORIZATION, NEED FOR EVIDENTIARY HEARING, AND SCHEDULE**

##### **A. Categorization**

The Application proposes that this matter be characterized as ratesetting, applicable to one utility only.<sup>40</sup> But there appears to be broad consensus that the issues at stake herein are appropriate for broader, industry-wide, quasi-legislative proceedings, because those issues are of vast significance, inappropriate to be decided in a proceeding covering one utility's memorandum account. A fast-moving, changing dynamic often makes the Commission dismiss applications for memorandum accounts. In *Park Water Co.*, *supra*, D. 16-01-009, the Commission declined to establish a memorandum account as too speculative, because the subject matter was subject to changing laws and regulations.

As SoCalGas acknowledges in its Application, “many initiatives and proceedings are already underway in the private sector and at the Commission and other state and federal agencies [] regarding climate change and hydrogen technologies.”<sup>41</sup> “For example, as part of its 2021 [Integrated Energy Policy Report (“IEPR”)], the [California Energy Commission (“CEC”)] is investigating the role of hydrogen technologies in California’s clean energy transition. The 2021 IEPR will produce an ‘integrated assessment of major energy trends and issues facing California’s electricity, natural gas, and transportation fuel sectors’ and ‘policy recommendations to conserve resources, protect the environment, ensure reliable, secure, and diverse energy supplies, enhance the state’s economy, and protect public health and safety.’”<sup>42</sup>

Thus, as the Applicant’s affiliate, San Diego Gas & Electric, noted just weeks ago:

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<sup>40</sup> *Id.* at 47.

<sup>41</sup> *Id.* at 5; *see also, e.g.*, the Building Decarbonization Rulemaking (19-01-011) and Phase 4 of the Biomethane Proceeding (13-02-008). The Integrated Resources Planning proceeding (20-05-003), while not a quasi-legislative proceeding, is another such forum where these issues are being thoroughly vetted.

<sup>42</sup> Application at 35-36 (citing Cal. Energy Comm’n, *Integrated Energy Policy Report - IEPR*, <https://www.energy.ca.gov/data-reports/reports/integrated-energy-policy-report>).

**Long Term Gas Planning Decisions Should Not be Re-Litigated in Individual Permitting Proceedings.**

A thoughtful and orderly long term gas planning process should determine how best to maintain safe and reliable gas service while decarbonizing California’s energy supply, [including t]ransitioning to electricity, renewable gas or hydrogen where feasible, safe, and cost effective.<sup>43</sup>

Yet, in the guise of a so-called “routine and noncontroversial” application, SoCalGas seeks here the Commission’s authority to front run those other initiatives and proceedings by, in its own words “tak[ing] technological and policy studies to the next level immediately: defining an implementable physical project[.]”<sup>44</sup>

Air Products concurs with SoCalGas and its affiliate that there are too many unanswered questions to authorize a memorandum account in a narrow ratesetting proceeding for one utility, which risks sending a market signal that the anticipated costs are reasonable and likely permissible, and that SoCalGas’s vision, as set forth in the Application, is the direction the whole state will take. If the Commission believes that there are broader jurisdictional issues that must be resolved in order determine whether memorandum account treatment is appropriate for the project, at minimum, the Application should be denied without prejudice, until the other Commission proceedings have been resolved.<sup>45</sup>

**B. Evidentiary Hearing**

While Air Products believes the Application should be dismissed without considering the broader jurisdictional question of whether the Project could be regulated by the Commission, if the Commission is inclined to consider the jurisdictional question, Air Products requests an evidentiary hearing to allow it to present evidence relating to whether the transmission of hydrogen as contemplated in the potential Project could be subject to Commission jurisdiction.

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<sup>43</sup> See Rulemaking 20-01-007, Opening Brief of San Diego Gas & Electric Company (U 902 G) on Assigned Commissioner’s Amended Scoping Memo and Ruling, Track 2A, Question 2.1.A (Feb. 28, 2022), p. 11 and *passim*. The Applicant concurred with the arguments of its parent in its brief filed the same day.

<sup>44</sup> *Id.* at 39.

<sup>45</sup> See *Park Water Co.*, 2016 WL 245453, at \*10 (denying request to establish a memorandum account to track costs to prepare for anticipated water regulation as premature “because new water quality standards [had] not been set, and any costs which may be incurred as a result . . . [were] speculative at that time”).

### **C. Proposed Schedule**

Air Products believes the application's proposed schedule is sufficient.

### **V. CONCLUSION**

The Commission may decide on the face of the Application that a memorandum account is inappropriate. For the grounds stated above, Air Products respectfully protests the application.

March 17, 2022

Respectfully submitted,

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# EXHIBIT A

**THE**  
**STATUTES OF CALIFORNIA**

**AND**  
**AMENDMENTS TO THE CONSTITUTION**

**PASSED AT THE**  
**EXTRA SESSION OF THE THIRTY-NINTH LEGISLATURE**

**1911**

**BEGAN ON MONDAY, NOVEMBER TWENTY-SEVENTH, AND ENDED ON SUNDAY, DECEMBER  
TWENTY-FOURTH, NINETEEN HUNDRED AND ELEVEN**



**SACRAMENTO**  
**FRIEND WM. RICHARDSON - - - SUPERINTENDENT STATE PRINTING**  
**1912**

Open to  
the public.

the order and direction of said board, do and perform such work in the canvassing of such returns simultaneously. Such canvass may be made at such place in the county or city and county as the board may by order entered in its minutes designate and declare to be a necessity; *provided*, that where it shall be made at a place other than the usual place of meeting of such board, the place shall be open to the public and the canvass must be made in public, and the said board shall cause public notice to be posted at the usual place of meeting of said board in a conspicuous place for at least three (3) days before the time for making such canvass, and during all the time while such canvass is being made, which notice shall state clearly and fully the designation and description of the place where such canvass will be made and conducted.

#### CHAPTER 14.

*An act to provide for the organization of the railroad commission, to define its powers and duties and the rights, remedies, powers and duties of public utilities, their officers, define its powers and duties and the rights, remedies, of patrons of public utilities, and to provide penalties for offenses by public utilities, their officers, agents and employees and by other persons and corporations, creating the "railroad commission fund" and appropriating the moneys therein to carry out the provisions of this act, and repealing the railroad commission act, approved February 10, 1911, and also repealing an act entitled "An act to amend the railroad commission act by amending section fifteen thereof relating to powers and duties of the railroad commission of the State of California, and to amend section thirty-seven thereof relating to free and reduced-rate transportation for freight and passengers," approved April 6, 1911, and all acts and parts of acts inconsistent with the provisions of this act.*

[Approved December 23, 1911.]

*The people of the State of California do enact as follows:*

Title and  
application.

SECTION 1. This act shall be known as the "Public Utilities Act" and shall apply to the public utilities and public services herein described and to the commission herein referred to.

Definitions—  
commission.

SEC. 2. (a) The term "commission," when used in this act, means the Railroad Commission of the State of California.

Commis-  
sioner.

(b) The term "commissioner," when used in this act, means one of the members of the commission.

Corporation.

(c) The term "corporation," when used in this act, includes a corporation, a company, an association and a joint-stock association.

(d) The term "person," when used in this act, includes an individual, a firm and a copartnership. Person.

(e) The term "transportation of persons," when used in this act, includes every service in connection with or incidental to the safety, comfort or convenience of the person transported and the receipt, carriage and delivery of such person and his baggage. Transportation of persons.

(f) The term "transportation of property," when used in this act, includes every service in connection with or incidental to the transportation of property, including in particular its receipt, delivery, elevation, transfer, switching, carriage, ventilation, refrigeration, icing, dunnage, storage and handling, and the transmission of credit by express corporations. Transportation of property.

(g) The term "street railroad," when used in this act, includes every railway, and each and every branch or extension thereof, by whatsoever power operated, being mainly upon, along, above or below any street, avenue, road, highway, bridge or public place within any city and county, or city or town, together with all real estate, fixtures and personal property of every kind used in connection therewith, owned, controlled, operated or managed for public use in the transportation of persons or property; but the term "street railroad," when used in this act, shall not include a railway constituting or used as a part of a commercial or interurban railway. Street railroad.

(h) The term "street railroad corporation," when used in this act, includes every corporation or person, their lessees, trustees, receivers or trustees appointed by any court whatsoever, owning, controlling, operating or managing any street railroad for compensation within this state. Street railroad corporation.

(i) The term "railroad," when used in this act, includes every commercial, interurban and other railway other than a street railroad, and each and every branch or extension thereof, by whatsoever power operated, together with all tracks, bridges, trestles, rights of way, subways, tunnels, stations, depots, union depots, ferries, yards, grounds, terminals, terminal facilities, structures and equipment, and all other real estate, fixtures and personal property of every kind used in connection therewith, owned, controlled, operated or managed for public use in the transportation of persons or property. Railroad.

(j) The term "railroad corporation," when used in this act, includes every corporation or person, their lessees, trustees, receivers or trustees appointed by any court whatsoever, owning, controlling, operating or managing any railroad for compensation within this state. Railroad corporation.

(k) The term "express corporation," when used in this act, includes every corporation or person, their lessees, trustees, receivers or trustees appointed by any court whatsoever, engaged in or transacting the business of transporting any freight, merchandise or other property for compensation on the line of any common carrier or stage or auto stage line within this state. Express corporation.

(l) The term "common carrier," when used in this act, includes every railroad corporation; street railroad corporation; Common carrier.

express corporation; dispatch, sleeping car, dining car, drawing room car, freight, freight-line, refrigerator, oil, stock, fruit, car loaning, car renting, car loading and every other car corporation or person, their lessees, trustees, receivers or trustees appointed by any court whatsoever, operating for compensation within this state; and every corporation or person, their lessees, trustees, receivers or trustees appointed by any court whatsoever, owning, controlling, operating or managing any vessel regularly engaged in the transportation of persons or property for compensation upon the waters of this state or upon the high seas, over regular routes between points within this state.

Pipe line.

(m) The term "pipe line," when used in this act, includes all real estate, fixtures and personal property, owned, controlled, operated or managed in connection with or to facilitate the transmission, storage, distribution or delivery of crude oil or other fluid substances except water through pipe lines.

Pipe line corporation.

(n) The term "pipe line corporation," when used in this act, includes every corporation or person, their lessees, trustees, receivers or trustees appointed by any court whatsoever, owning, controlling, operating or managing any pipe line for compensation within this state.

Gas plant.

(o) The term "gas plant," when used in this act, includes all real estate, fixtures and personal property, owned, controlled, operated or managed in connection with or to facilitate the production, generation, transmission, delivery or furnishing of gas (natural or manufactured) for light, heat or power.

Gas corporation.

(p) The term "gas corporation," when used in this act, includes every corporation or person, their lessees, trustees, receivers or trustees appointed by any court whatsoever, owning, controlling, operating or managing any gas plant for compensation within this state, except where gas is made or produced on and distributed by the maker or producer through private property alone solely for his own use or the use of his tenants and not for sale to others.

Electric plant.

(q) The term "electric plant," when used in this act, includes all real estate, fixtures and personal property owned, controlled, operated or managed in connection with or to facilitate the production, generation, transmission, delivery or furnishing of electricity for light, heat or power, and all conduits, ducts or other devices, materials, apparatus or property for containing, holding or carrying conductors used or to be used for the transmission of electricity for light, heat or power.

Electrical corporation.

(r) The term "electrical corporation," when used in this act, includes every corporation or person, their lessees, trustees, receivers or trustees appointed by any court whatsoever, owning, controlling, operating or managing any electric plant for compensation within this state, except where electricity is generated on or distributed by the producer through private property alone solely for his own use or the use of his tenants and not for sale to others.



(s) The term "telephone line," when used in this act, includes all conduits, ducts, poles, wires, cables, instruments and appliances, and all other real estate, fixtures and personal property owned, controlled, operated or managed in connection with or to facilitate communication by telephone, whether such communication is had with or without the use of transmission wires. Telephone line.

(t) The term "telephone corporation," when used in this act, includes every corporation or person, their lessees, trustees, receivers or trustees appointed by any court whatsoever, owning, controlling, operating or managing any telephone line for compensation within this state. Telephone corporation.

(u) The term "telegraph line," when used in this act, includes all conduits, ducts, poles, wires, cables, instruments and appliances, and all other real estate, fixtures and personal property owned, controlled, operated or managed in connection with or to facilitate communication by telegraph, whether such communication is had with or without the use of transmission wires. Telegraph line.

(v) The term "telegraph corporation," when used in this act, includes every corporation or person, their lessees, trustees, receivers or trustees appointed by any court whatsoever, owning, controlling, operating or managing any telegraph line for compensation within this state. Telegraph corporation.

(w) The term "water system," when used in this act, includes all reservoirs, tunnels, shafts, dams, dikes, head-gates, pipes, flumes, canals, structures and appliances, and all other real estate, fixtures and personal property, owned, controlled, operated or managed in connection with or to facilitate the diversion, development, storage, supply, distribution, sale, furnishing, carriage, apportionment or measurement of water for power, irrigation, reclamation or manufacturing, or for municipal, domestic or other beneficial use. Water system.

(x) The term "water corporation," when used in this act, includes every corporation or person, their lessees, trustees, receivers or trustees appointed by any court whatsoever, owning, controlling, operating or managing any water system for compensation within this state. Water corporation.

(y) The term "vessel," when used in this act, includes every species of water craft, by whatsoever power operated, which is owned, controlled, operated or managed for public use in the transportation of persons or property. Vessel.

(z) The term "wharfinger," when used in this act, includes every corporation or person, their lessees, trustees, receivers or trustees, appointed by any court whatsoever, owning, controlling, operating or managing any dock, wharf or structure used by vessels in connection with or to facilitate the receipt or discharge of freight or passengers for compensation within this state. Wharfinger.

(aa) The term "warehouseman," when used in this act, includes every corporation or person, their lessees, trustees, receivers or trustees appointed by any court whatsoever, owning, controlling, operating or managing any building or structure Ware-houseman.

in which property is regularly stored for compensation within this state, in connection with or to facilitate the transportation of property by a common carrier or vessel, or the loading or unloading of the same, other than a dock, wharf or structure, owned, operated, controlled or managed by a wharfinger.

Public  
utility.

(bb) The term "public utility," when used in this act, includes every common carrier, pipe line corporation, gas corporation, electrical corporation, telephone corporation, telegraph corporation, water corporation, wharfinger and warehouseman, as those terms are defined in this section, and each thereof is hereby declared to be a public utility and to be subject to the jurisdiction, control and regulation of the commission and to the provisions of this act.

Commission,  
how con-  
stituted.

SEC. 3. (a) The railroad commission shall consist of five members, who shall be appointed by the governor from the state at large; *provided*, that the three commissioners in office on the tenth day of October, nineteen hundred and eleven, shall serve out the term for which they were elected, and that two additional commissioners shall be appointed by the governor to hold office during the same term. Upon the expiration of said term, the term of office of each commissioner thereafter shall be six years, excepting that of the commissioners first appointed after the expiration of said term one shall be appointed to hold office until the first day of January, nineteen hundred and seventeen, two until the first day of January, nineteen hundred and nineteen, and two until the first day of January, nineteen hundred and twenty-one. The commissioners shall elect one of their number president of the commission.

Term of  
office.

President.

Vacancy,  
how filled.

(b) Whenever a vacancy in the office of commissioner shall occur, the governor shall forthwith appoint a qualified person to fill the same for the unexpired term. The legislature, by a two-thirds vote of all members elected to each house, may remove any one or more of said commissioners from office for dereliction of duty or corruption or incompetency.

Removal  
of commis-  
sioner.

Attorney  
to commis-  
sion.

SEC. 4. The commission shall have power to appoint as attorney to the commission an attorney at law of this state, who shall hold office during the pleasure of the commission. It shall be the right and the duty of the attorney to represent and appear for the people of the State of California and the commission in all actions and proceedings involving any question under this act or under any order or act of the commission; and, if directed to do so by the commission, to intervene, if possible, in any action or proceeding in which any such question is involved; to commence, prosecute and expedite the final determination of all actions and proceedings directed or authorized by the commission; to advise the commission and each commissioner, when so requested, in regard to all matters in connection with the powers and duties of the commission and the members thereof; and generally to perform all duties and services as attorney to the commission which the commission may require of him.

SEC. 5. The commission shall appoint a secretary, who shall

hold office during its pleasure. It shall be the duty of the secretary to keep a full and true record of all proceedings of the commission, to issue all necessary process, writs, warrants and notices, and to perform such other duties as the commission may prescribe. The commission may appoint an assistant secretary, who shall have all the powers conferred by law upon peace officers to carry weapons, make arrests and serve warrants and other process in any county or city and county of this state.

Secretary and assistant secretary.

SEC. 6. The commission shall have power to employ, during its pleasure, such officers, experts, engineers, statisticians, accountants, inspectors, clerks and employees as it may deem necessary to carry out the provisions of this act or to perform the duties and exercise the powers conferred by law upon the commission.

Employees of commission.

SEC. 7. Each commissioner and each person appointed to a civil executive office by the commission shall, before entering upon the duties of his office, take and subscribe the constitutional oath of office. Each commissioner shall be a qualified elector of this state, and no person in the employ of or holding any official relation to any corporation or person, which said corporation or person is subject in whole or in part to regulation by the commission, and no person owning stocks or bonds of any such corporation or who is in any manner pecuniarily interested therein shall be appointed to or hold the office of commissioner or be appointed or employed by the commission; *provided*, that if any such person shall become the owner of such stocks or bonds or become pecuniarily interested in such corporation otherwise than voluntarily, he shall within a reasonable time divest himself of such ownership or interest; failing to do so, his office or employment shall become vacant.

Qualifications for commissioners and employees.

SEC. 8. (a) The office of the commission shall be in the city and county of San Francisco. The office shall always be open, legal holidays and non-judicial days excepted. The commission shall hold its sessions at least once in each calendar month in said city and county of San Francisco, and may also meet at such other times and in such other places as may be expedient and necessary for the proper performance of its duties. For the purpose of holding sessions in places other than the city and county of San Francisco, the commission shall have power to rent quarters or offices, and the expense thereof and in connection therewith shall be paid in the same manner as other expenses authorized by this act. The sessions of the commission shall be public.

Offices, and meetings of the commission.

(b) The commission shall have a seal, bearing the following inscription: "Railroad Commission State of California." The seal shall be affixed to all writs and authentications of copies of records and to such other instruments as the commission shall direct. All courts shall take judicial notice of said seal.

Sessions to be public.

Seal.

(c) The commission is authorized to procure all necessary books, maps, charts, stationery, instruments, office furniture, apparatus and appliances, and the same shall be paid for in the same manner as other expenses authorized by this act.

Office equipment.

Quorum.	<p>SEC. 9. A majority of the commissioners shall constitute a quorum for the transaction of any business, for the performance of any duty or for the exercise of any power of the commission. No vacancy in the commission shall impair the right of the remaining commissioners to exercise all the powers of the commission. The act of a majority of the commissioners when in session as a board shall be deemed to be the act of the commission: but any investigation, inquiry or hearing which the commission has power to undertake or to hold may be undertaken or held by or before any commissioner designated for the purpose by the commission, and every finding, order or decision made by a commissioner so designated, pursuant to such investigation, inquiry or hearing, when approved and confirmed by the commission and ordered filed in its office, shall be and be deemed to be the finding, order or decision of the commission.</p>
When single commissioner may act.	
Salaries.	<p>SEC. 10. (a) The annual salary of each commissioner shall be six thousand (6,000) dollars. All officers, experts, engineers, statisticians, accountants, inspectors, clerks and employees of the commission shall receive such compensation as may be fixed by the commission. The commissioners, attorney, secretary, rate expert and assistant secretary shall be civil executive officers and their salaries as fixed by law or the commission shall be paid in the same manner as are the salaries of other state officers. The salary or compensation of every other person holding office or employment under the commission shall be paid monthly from the funds appropriated for the use of the commission, after being approved by the commission, upon claims therefor to be audited by the board of control.</p>
Expenses.	<p>(b) All expenses incurred by the commission pursuant to the provisions of this act, including the actual and necessary traveling and other expenses and disbursements of the commissioners, their officers and employees, incurred while on business of the commission, shall be paid from the funds appropriated for the use of the commission, after being approved by the commission, upon claims therefor to be audited by the board of control.</p>
Free transportation for commissioners and employees.	<p>SEC. 11. The commissioners and the officers and employees of the commission, shall, when in the performance of their official duties, have the right to pass, free of charge, on all railroads, cars, vessels and other vehicles of every common carrier, as said term is defined in this act, subject in whole or in part to control or regulation by the commission, between points within this state, and such persons shall not be denied the right to travel upon any railroad, car, vessel or other vehicle of such common carrier, whether such railroad, car, vessel or other vehicle be used for the transportation of passengers or freight, and regardless of its class.</p>
Annual report.	<p>SEC. 12. The commission shall make and submit to the governor on or before the first day of December of each year subsequent to the year nineteen hundred and twelve, a report containing a full and complete account of its transactions and proceedings for the preceding fiscal year, together with such</p>

other facts, suggestions, and recommendations as it may deem of value to the people of the state.

SEC. 13. (a) All charges made, demanded or received by any public utility, or by any two or more public utilities, for any product or commodity furnished or to be furnished or any service rendered or to be rendered shall be just and reasonable. Every unjust or unreasonable charge made, demanded or received for such product or commodity or service is hereby prohibited and declared unlawful.

Charges by public utility must be reasonable.

(b) Every public utility shall furnish, provide and maintain such service, instrumentalities, equipment and facilities as shall promote the safety, health, comfort and convenience of its patrons, employees and the public, and as shall be in all respects adequate, efficient, just and reasonable.

Sufficient equipment must be provided.

(c) All rules and regulations made by a public utility affecting or pertaining to its charges or service to the public shall be just and reasonable.

Rules must be reasonable.

SEC. 14. (a) Every common carrier shall file with the commission and shall print and keep open to the public inspection schedules showing the rates, fares, charges and classifications for the transportation between termini within this state of persons and property from each point upon its route to all other points thereon; and from each point upon its route to all points upon every other route leased, operated or controlled by it; and from each point on its route or upon any route leased, operated or controlled by it to all points upon the route of any other common carrier, whenever a through route and a joint rate shall have been established or ordered between any two such points. If no joint rate over a through route has been established, the schedules of the several carriers in such through route shall show the separately established rates, fares, charges and classifications applicable to the through transportation. The schedules printed as aforesaid shall plainly state the places between which property and persons will be carried, and shall also contain the classification of passengers or property in force, and shall also state separately all terminal charges, storage charges, icing charges and all other charges which the commission may require to be stated, all privileges or facilities granted or allowed, and all rules or regulations which may in any wise change, affect or determine any part, or the aggregate of, such rates, fares, charges and classifications, or the value of the service rendered to the passenger, shipper or consignee. Subject to such rules and regulations as the commission may prescribe, such schedules shall be plainly printed in large type, and a copy thereof shall be kept by every such carrier readily accessible to and for inspection by the public in every station or office of such carrier where passengers or property are respectively received for transportation, when such station or office is in charge of an agent, and in every station or office of such carrier where passenger tickets or tickets for sleeping, parlor car or other train accommodations are sold or bills of lading or waybills or receipts for property are issued. Any or

Schedules of common carriers.

Contents of schedules.

Schedules to be exhibited in designated places.

all of such schedules kept as aforesaid shall be immediately produced by such carrier for inspection upon the demand of any person. A notice printed in bold type and stating that such schedules are on file with the agent and open to inspection by any person, and that the agent will assist any person to determine from such schedules any rates, fares, rules or regulations in force, shall be kept posted by the carrier in two public and conspicuous places in every such station or office. The form of every such schedule shall be prescribed by the commission and shall conform in the case of common carriers subject to the act of congress entitled "An act to regulate commerce," approved February fourth, eighteen hundred and eighty-seven, and the acts amendatory thereof and supplementary thereto, as nearly as may be to the form of schedules prescribed by the interstate commerce commission under said act.

Form of  
schedules.

Schedules  
of public  
utilities  
other than  
common  
carriers.

Limitation  
on rates to  
be fixed  
by public  
utilities.

(b) Under such rules and regulations as the commission may prescribe, every public utility other than a common carrier shall file with the commission within such time and in such form as the commission may designate, and shall print and keep open to public inspection schedules showing all rates, tolls, rentals, charges and classifications collected or enforced, or to be collected or enforced, together with all rules, regulations, contracts, privileges and facilities which in any manner affect or relate to rates, tolls, rentals, classifications, or service. The rates, tolls, rentals and charges shown on such schedules when filed by a public utility as to which the commission by this act acquires the power to fix any rates, tolls, rentals or charges, shall not, within any portion of the territory as to which the commission acquires as to such public utility such power, exceed the rates, tolls, rentals or charges in effect on the tenth day of October, nineteen hundred and eleven; the rates, tolls, rentals and charges shown on such schedules, when filed by any public utility as to any territory as to which the commission does not by this act acquire as to such public utility such power, shall not exceed the rates, tolls, rentals and charges in effect at the time the commission acquires as to such territory and as to such public utility the power to fix rates, tolls, rentals or charges. Nothing in this section contained shall prevent the commission from approving or fixing rates, tolls, rentals or charges, from time to time, in excess of or less than those shown by said schedules.

Changes in  
form, etc.,  
of schedules.

(c) The commission shall have power, from time to time, in its discretion, to determine and prescribe by order such changes in the form of the schedules referred to in this section as it may find expedient, and to modify the requirements of any of its orders, rules or regulations in respect to any matter in this section referred to.

Changes in  
rates— notice  
to the com-  
mission and  
to the public.

SEC. 15. Unless the commission otherwise orders, no change shall be made by any public utility in any rate, fare, toll, rental, charge or classification, or in any rule, regulation or contract relating to or affecting any rate, fare, toll, rental, charge, classification or service, or in any privilege or facility, except after

thirty days' notice to the commission and to the public as herein provided. Such notice shall be given by filing with the commission and keeping open for public inspection new schedules stating plainly the change or changes to be made in the schedule or schedules then in force, and the time when the change or changes will go into effect. The commission, for good cause shown, may allow changes without requiring the thirty days' notice herein provided for, by an order specifying the changes so to be made and the time when they shall take effect, and the manner in which they shall be filed and published. When any change is proposed in any rate, fare, toll, rental, charge or classification, or in any form of contract or agreement or in any rule, regulation or contract relating to or affecting any rate, fare, toll, rental, charge, classification or service, or in any privilege or facility, attention shall be directed to such change on the schedule filed with the commission, by some character to be designated by the commission, immediately preceding or following the item.

SEC. 16. The names of the several public utilities which are parties to any joint tariff, rate, fare, toll, contract, classification or charge shall be specified in the schedule or schedules showing the same. Unless otherwise ordered by the commission, a schedule showing such joint tariff, rate, fare, toll, contract, classification or charge need be filed with the commission by only one of the parties to it; *provided*, that there is also filed with the commission in such form as the commission may require a concurrence in such joint tariff, rate, fare, toll, contract, classification or charge by each of the other parties thereto.

Joint  
schedules.  
names of  
parties must  
appear.

SEC. 17. (a) 1. No common carrier subject to the provisions of this act shall engage or participate in the transportation of persons or property, between points within this state, until its schedules of rates, fares, charges and classifications shall have been filed and published in accordance with the provisions of this act.

Filing of  
schedules,  
condition  
precedent  
to doing  
business.

2. No common carrier shall charge, demand, collect or receive a greater or less or different compensation for the transportation of persons or property, or for any service in connection therewith, than the rates, fares and charges applicable to such transportation as specified in its schedules filed and in effect at the time: nor shall any such carrier refund or remit in any manner or by any device any portion of the rates, fares or charges so specified, except upon order of the commission as hereinafter provided, nor extend to any corporation or person any privilege or facility in the transportation of passengers or property except such as are regularly and uniformly extended to all corporations and persons.

Charges  
must be  
uniform and  
in accord-  
ance with  
schedules.

3. No common carrier subject to the provisions of this act shall, directly or indirectly, issue, give or tender any free ticket, free pass or free or reduced-rate transportation for passengers between points within this state, except to its officers, agents, employees, attorneys, physicians and surgeons, and members of

Limitations  
on issuance  
by common  
carriers of  
free or  
reduced-  
rate trans-  
portation.

their families; to ministers of religion, traveling secretaries of railroad men's religious associations, or executive officers, organizers or agents of railroad employees' mutual benefit associations giving the greater portion of their time to the work of any such association; inmates of hospitals or charitable or eleemosynary institutions, and persons exclusively engaged in charitable or eleemosynary work, and persons and property engaged or employed in educational work or scientific research when permitted by the commission; to the executive officers of mercantile or promotion boards or bodies within this state when traveling in the performance of duties affecting the advancement of the business of such boards or bodies, or the development of trade or industry within or without this state, when authorized by the commission; to hotel employees of season resort hotels, when authorized by the commission; to indigent, destitute and homeless persons and to such persons when transported by charitable societies or hospitals, and the necessary agents employed in such transportation; to inmates of the national homes or state homes for disabled volunteer soldiers and of soldiers' and sailors' homes, including those about to enter and those returning home after discharge; to necessary caretakers, going and returning, of live stock, poultry, milk, fruit and other freight, under uniform and non-discriminatory regulations; to employees of sleeping car corporations, express corporations and telegraph and telephone corporations; to railway mail service employees, United States internal revenue officers, post office inspectors, customs officers and inspectors and immigration inspectors when traveling in the course of their official duty; to newsboys on trains, baggage agents, witnesses attending any legal investigation in which the carrier is interested, persons injured in accidents or wrecks and physicians and nurses attending such persons; *provided*, that the term "employees," as used in this section, shall include furloughed, pensioned and superannuated employees, persons who have become disabled or infirm in the service of any such carrier, ex-employees traveling for the purpose of entering the service of any such carrier, and the remains of persons dying while in the employment of any such carrier; and the term "families," as used in this section, shall include the families of those persons heretofore named in this proviso, the families of persons killed, and the widows during widowhood and minor children during minority of persons who died while in the service of any such carrier; *and provided, further*, that no free ticket, free pass or free or reduced-rate transportation shall be issued, given or tendered to any officer, agent or employee of a common carrier, who is at the same time a shipper or receiver of freight, or an officer, agent or employee of a shipper or receiver of freight, unless such officer, agent or employee devotes substantially his entire time to the service of such carrier; *and provided, further*, that the members of the railroad commission, their officers and employees, shall be entitled, when in the performance of their official duties, to free transportation

Analysis  
of term  
"employees."

Analysis  
of term  
"families."

Commission  
entitled to  
transportation.



over the lines of all common carriers within this state; *and provided, further*, that passenger transportation may issue to the proprietors and employees of newspapers and magazines and the members of their immediate families, in exchange for advertising space in such newspapers or magazines at full rates, subject however to such reasonable restrictions as the commission may impose.

Transportation in exchange for advertising.

Nothing in this act contained shall be construed to prohibit the issue by express corporations of free or reduced-rate transportation for express matter to their officers, agents, employees, attorneys, physicians and surgeons, and members of their families, or the interchange of free or reduced-rate transportation for passengers or express matter between common carriers, their officers, agents, employees, attorneys, physicians and surgeons, and members of their families; *provided*, that such express matter be for the personal use of the person to or for whom such free or reduced-rate transportation is granted, or of his family: nor to prohibit the issue of passes or franks by telegraph or telephone corporations to their officers, agents, employees, attorneys, physicians and surgeons, and members of their families, or the exchange of passes or franks between such telegraph and telephone corporations or between such corporations and such common carriers, for their officers, agents, employees, attorneys, physicians and surgeons, and members of their families: nor to prevent the carrying out of contracts for free or reduced-rate passenger transportation heretofore made, founded upon adequate consideration and lawful when made: nor to prevent a common carrier from transporting, storing or handling, free or at reduced rates, the household goods and personal effects of its employees, of persons entering or leaving its service, and of persons killed or dying while in its service.

Allowance in certain cases of free or reduced-rate transportation.

Exchange of privileges between certain corporations.

Carrying out of previous contracts.

4. Every common carrier subject to the provisions of this act may transport, free or at reduced rates, persons or property for the United States, state, county or municipal governments, or for charitable purposes, or to provide relief in cases of general epidemic, pestilence or other calamitous visitation, and property to or from fairs or expositions for exhibit thereat; also contractors and their employees, material or supplies for use or engaged in carrying out their contracts with said carriers, for construction, operation or maintenance work or work incidental thereto on the line of the issuing carrier, to the extent only that such free or reduced-rate transportation is provided for in the specifications upon which the contract is based and in the contract itself. Common carriers may also enter into contracts with telegraph and telephone corporations for an exchange of service.

Certain conditions under which free or reduced-rate transportation may be issued.

(b) Except as in this section otherwise provided, no public utility shall charge, demand, collect or receive a greater or less or different compensation for any product or commodity furnished or to be furnished, or for any service rendered or to be rendered, than the rates, tolls, rentals and charges applicable

No exceptions to be made to schedule charges, unless authorized by the commission.

to such product or commodity or service as specified in its schedules on file and in effect at the time, nor shall any such public utility refund or remit, directly or indirectly, in any manner or by any device, any portion of the rates, tolls, rentals and charges so specified, nor extend to any corporation or person any form of contract or agreement or any rule or regulation or any facility or privilege except such as are regularly and uniformly extended to all corporations and persons; *provided*, that the commission may by rule or order establish such exceptions from the operation of this prohibition as it may consider just and reasonable as to each public utility.

Schedules of rates between points within and without the state.

SEC. 18. Every common carrier and every telegraph and telephone corporation shall print and file or cause to be filed with the commission schedules showing all the rates, fares, tolls, rentals, charges and classifications for the transportation of persons or property or the transmission of messages or conversations between all points within this state and all points without the state upon its route, and between all points within this state and all points without the state upon every route leased, operated or controlled by it, and between all points on its route or upon any route, leased, operated or controlled by it within this state and all points without the state upon the route of any other common carrier or telegraph or telephone corporation, whenever a through route and joint rate shall have been established between any two such points.

No preference or advantage to be given, and no unreasonable difference made in rates.

SEC. 19. No public utility shall, as to rates, charges, service, facilities or in any other respect, make or grant any preference or advantage to any corporation or person or subject any corporation or person to any prejudice or disadvantage. No public utility shall establish or maintain any unreasonable difference as to rates, charges, service, facilities or in any other respect, either as between localities or as between classes of service. The commission shall have the power to determine any question of fact arising under this section.

Economies, efficiencies or improvements not prohibited.

SEC. 20. Nothing in this act shall be taken to prohibit any public utility from itself profiting, to the extent permitted by the commission, from any economies, efficiencies or improvements which it may make, and from distributing by way of dividends, or otherwise disposing of, the profits to which it may be so entitled, and the commission is authorized to make or permit such arrangement or arrangements with any public utility as it may deem wise for the purpose of encouraging economies, efficiencies or improvements and securing to the public utility making the same such portion, if any, of the profits thereof as the commission may determine.

Sliding scale of charges allowable in certain cases.

SEC. 21. Nothing in this act shall be taken to prohibit a corporation or person engaged in the production, generation, transmission or furnishing of heat, light, water or power, or telegraph or telephone service, from establishing a sliding scale of charges; *provided*, that a schedule showing such scale of charges shall first have been filed with the commission and such schedule and each rate set out therein approved by it.

Nothing in this act shall be taken to prohibit any such corporation or person from entering into an arrangement for a fixed period for the automatic adjustment of charges for heat, light, water or power, or telegraph or telephone service, in relation to the dividends to be paid to stock holders of such corporation, or the profit to be realized by such person; *provided*, that a schedule showing the scale of charges under such arrangement shall first have been filed with the commission and such schedule and each rate set out therein approved by it. Nothing in this section shall prevent the commission from revoking its approval at any time and fixing other rates and charges for the product or commodity or service, as authorized by this act.

SEC. 22. (a) Every common carrier shall afford all reasonable, proper and equal facilities for the prompt and efficient interchange and transfer of passengers, tonnage and cars, loaded or empty, between the lines owned, operated, controlled or leased by it and the lines of every other common carrier, and shall make such interchange and transfer promptly without discrimination between shippers, passengers or carriers either as to compensation charged, service rendered or facilities afforded. Every railroad corporation shall receive from every other railroad corporation, at any point of connection, freight cars of proper standard and in proper condition, and shall haul the same either to destination, if the destination be upon a line owned, operated or controlled by such railroad corporation, or to point of transfer according to route billed, if the destination be upon the line of some other railroad corporation.

Common carrier to afford proper facilities for interchange of traffic with other carriers.

Nothing in this section contained shall be construed as in anywise limiting or modifying the duty of a common carrier to establish joint rates, fares and charges for the transportation of passengers and property over the lines owned, operated, controlled or leased by it and the lines of other common carriers, nor as in any manner limiting or modifying the power of the commission to require the establishment of such joint rates, fares and charges.

Duty to establish joint rates.

(b) Every telephone corporation and telegraph corporation operating in this state shall receive, transmit and deliver, without discrimination or delay, the conversations and messages of every other telephone or telegraph corporation with whose line a physical connection may have been made.

Service between telephone or telegraph corporations.

SEC. 23. (a) No common carrier, or any officer or agent thereof, or any person acting for or employed by it, shall, by means of known false billing, classification, weight, weighing, or report of weight, or by any other device or means assist, suffer or permit any corporation or person to obtain transportation for any person or property between points within this state at less than the rates and fares then established and in force as shown by the schedules filed and in effect at the time. No person, corporation, or any officer, agent or employee of a corporation shall, by means of false billing, false or incorrect classification, false weight or weighing, false representation as

False billing, etc., forbidden.

to contents or substance of a package, or false report or statement of weight, or by any other device or means, whether with or without the consent or connivance of a common carrier or any of its officers, agents or employees, seek to obtain or obtain such transportation for such property at less than the rates then established and in force therefor.

False  
claims  
for damages  
forbidden.

(b) No person or corporation, or any officer, agent or employee of a corporation, shall knowingly, directly or indirectly, by any false statement or representation as to cost or value, or the nature or extent of an injury, or by the use of any false billing, bill of lading, receipt, voucher, roll, account, claim, certificate, affidavit or deposition, or upon any false, fictitious or fraudulent statement or entry, obtain or attempt to obtain any allowance, rebate or payment for damage, in connection with or growing out of the transportation of persons or property, or an agreement to transport such persons or property, whether with or without the consent or connivance of a common carrier or any of its officers, agents or employees; nor shall any common carrier, or any officer, agent or employee thereof, knowingly pay or offer to pay any such allowance, rebate or claim for damage.

Rates for  
long and  
short haul  
by common  
carrier.

SEC. 24. (a) No common carrier subject to the provisions of this act shall charge or receive any greater compensation in the aggregate for the transportation of persons or of a like kind of property for a shorter than for a longer distance over the same line or route in the same direction, within this state, the shorter being included within the longer distance, or charge any greater compensation as a through rate than the aggregate of the intermediate rates; but this shall not be construed as authorizing any such common carrier to charge or receive as great a compensation for a shorter as for a longer distance or haul. Upon application to the commission, such common carrier may, in special cases, after investigation, be authorized by the commission to charge less for a longer than for a shorter distance for the transportation of persons or property, and the commission may from time to time prescribe the extent to which such carrier may be relieved from the operation and requirements of this section.

Rates for  
long and  
short dis-  
tance service  
by telephone  
and tele-  
graph cor-  
porations.

(b) No telephone or telegraph corporation subject to the provisions of this act shall charge or receive any greater compensation in the aggregate for the transmission of any long distance message or conversation for a shorter than for a longer distance over the same line or route in the same direction, within this state, the shorter being included within the longer distance, or charge any greater compensation for a through service than the aggregate of the intermediate rates or tolls subject to the provisions of this act; but this shall not be construed as authorizing any such telephone or telegraph corporation to charge and receive as great a compensation for a shorter as for a longer distance. Upon application to the commission, a telephone or telegraph corporation may, in special cases, after investigation, be authorized by the commission to charge less

for a longer than for a shorter distance service for the transmission of messages or conversations, and the commission may from time to time prescribe the extent to which such telephone or telegraph corporation may be relieved from the operation and requirements of this section.

SEC. 25. (a) Every railroad corporation, upon the application of any corporation or person, being a shipper or receiver or contemplated shipper or receiver of freight, for a connection between the railroad of such railroad corporation and any existing or contemplated private track, tracks or railroad of such corporation or person, shall make such connection and provide such switches and tracks as may be necessary for that purpose and deliver and receive cars thereover; *provided*, that such connection is reasonably practicable and can be installed and used without materially increasing the hazard of the operation of the railroad with which such connection is sought, and that the business which may reasonably be expected to be received by such railroad corporation over such connection is sufficient to justify the expense of such connection to such railroad corporation.

Connection to be made between railroads at request of shipper.

(b) Under the conditions specified in the proviso in subsection (a) hereof, every railroad corporation, upon the application of any corporation or person, being a shipper or receiver or contemplated shipper or receiver of freight, shall construct upon its right of way a spur or spurs for the purpose of receiving and delivering freight thereby, and shall receive and deliver freight thereby.

Construction of spur tracks on application of shipper.

SEC. 26. No foreign corporation, other than those which by a compliance with the laws of this state are entitled to transact a public utility business within this state, shall henceforth transact within this state any public utility business, nor shall any foreign corporation which is at present lawfully transacting business within this state henceforth transact within this state any public utility business of a character different from that which it is at present authorized by its charter or articles of incorporation to transact, nor shall any license, permit or franchise to own, control, operate or manage any public utility business or any part or incident thereof be henceforth granted or transferred, directly or indirectly, to any foreign corporation which is not at present lawfully transacting within this state a public utility business of like character; *provided*, that foreign corporations engaging in commerce with foreign nations or commerce among the several states of this Union may transact within this state such commerce and intrastate commerce of a like character.

Conduct of public utility business by foreign corporations.

SEC. 27. No street or interurban railroad corporation shall charge, demand, collect or receive more than five cents for one continuous ride in the same general direction within the corporate limits of any city and county, or city or town, except upon a showing before the commission that such greater charge is justified; *provided*, that until the decision of the commission upon such showing, a street or interurban railroad corporation

Limitation on rates charged by street railroads.

Transfers.	may continue to demand, collect and receive the fare in effect on October 10, 1911, or at the time the commission acquires as to such corporation the power to fix fares within such city and county, or city or town. Every street or interurban railroad corporation shall upon such terms as the commission shall find to be just and reasonable furnish to its passengers transfers entitling them to one continuous trip in the same general direction over and upon the portions of its lines within the same city and county, or city or town, not reached by the originating car.
Information to be furnished to commission.	SEC. 28. (a) Every public utility shall furnish to the commission in such form and such detail as the commission shall prescribe all tabulations, computations and all other information required by it to carry into effect any of the provisions of this act, and shall make specific answers to all questions submitted by the commission.
Blanks to be filled out by public utility.	(b) Every public utility receiving from the commission any blanks with directions to fill the same shall cause the same to be properly filled out so as to answer fully and correctly each question propounded therein; in case it is unable to answer any question, it shall give a good and sufficient reason for such failure.
Copies of documents to be furnished as required.	(c) Whenever required by the commission, every public utility shall deliver to the commission copies of any or all maps, profiles, contracts, agreements, franchises, reports, books, accounts, papers and records in its possession or in any way relating to its property or affecting its business, and also a complete inventory of all its property in such form as the commission may direct.
Information to be confidential unless otherwise directed.	(d) No information furnished to the commission by a public utility, except such matters as are specifically required to be open to public inspection by the provisions of this act, shall be open to public inspection or made public except on order of the commission, or by the commission or a commissioner in the course of a hearing or proceeding. Any officer or employee of the commission who, in violation of the provisions of this subsection, divulges any such information shall be guilty of a misdemeanor.
Periodical reports by public utility.	SEC. 29. Every public utility shall annually furnish to the commission at such time and in such form as the commission may require a report in which the utility shall specifically answer all questions propounded by the commission upon or concerning which the commission may desire information. The commission shall have authority to require any public utility to file monthly reports of earnings and expenses, and to file periodical or special, or both periodical and special reports concerning any matter about which the commission is authorized by this or any other act to inquire or to keep itself informed, or which it is required to enforce. All reports shall be under oath when required by the commission.
	SEC. 30. Every public utility shall obey and comply with each and every requirement of every order, decision, direction,

rule or regulation made or prescribed by the commission in the matters herein specified, or any other matter in any way relating to or affecting its business as a public utility, and shall do everything necessary or proper in order to secure compliance with and observance of every such order, decision, direction, rule or regulation by all of its officers, agents and employees.

Requirements of commission to be strictly observed.

SEC. 31. The railroad commission is hereby vested with power and jurisdiction to supervise and regulate every public utility in the state and to do all things, whether herein specifically designated or in addition thereto, which are necessary and convenient in the exercise of such power and jurisdiction.

Power and jurisdiction of commission.

SEC. 32. (a) Whenever the commission, after a hearing had upon its own motion or upon complaint, shall find that the rates, fares, tolls, rentals, charges or classifications, or any of them, demanded, observed, charged or collected by any public utility for any service or product or commodity, or in connection therewith, including the rates or fares for excursion or commutation tickets, or that the rules, regulations, practices or contracts, or any of them, affecting such rates, fares, tolls, rentals, charges or classifications, or any of them, are unjust, unreasonable, discriminatory or preferential, or in anywise in violation of any provision of law, or that such rates, fares, tolls, rentals, charges or classifications are insufficient, the commission shall determine the just, reasonable or sufficient rates, fares, tolls, rentals, charges, classifications, rules, regulations, practices or contracts to be thereafter observed and in force, and shall fix the same by order as hereinafter provided.

Commission to determine what are just rates.

(b) The commission shall have power, upon a hearing, had upon its own motion or upon complaint, to investigate a single rate, fare, toll, rental, charge, classification, rule, regulation, contract or practice, or any number thereof, or the entire schedule or schedules of rates, fares, tolls, rentals, charges, classifications, rules, regulations, contracts and practices, or any thereof, of any public utility, and to establish new rates, fares, tolls, rentals, charges, classifications, rules, regulations, contracts or practices, or schedule or schedules, in lieu thereof.

Power to fix new rates and schedules.

SEC. 33. Whenever the commission, after a hearing had upon its own motion or upon complaint, shall find that the rates, fares or charges in force over two or more common carriers, between any two points in this state, are unjust, unreasonable or excessive, or that no satisfactory through route or joint rate, fare or charge exists between such points, and that the public convenience and necessity demand the establishment of a through route and joint rate, fare or charge between such points, the commission may order such common carriers to establish such through route and may establish and fix a joint rate, fare or charge which will be fair, just, reasonable and sufficient, to be followed, charged, enforced, demanded and collected in the future, and the terms and conditions under which such through route shall be operated. The commission may order that freight moving between such points shall be carried by the different common carriers, parties to such through route

Commission may establish through routes and fix joint rates for common carriers within this state.

and joint rate, without being transferred from the originating cars. In case the common carriers do not agree upon the division between them of the joint rates, fares or charges established by the commission over such through routes, the commission shall, after hearing, by supplemental order, establish such division; *provided*, that where any railroad which is made a party to a through route has itself over its own line an equally satisfactory through route between the termini of the through route established, such railroad shall have the right to require as its division of the joint rate, fare or charge its local rate, fare or charge over the portion of its line comprised in such through route, and the commission may, in its discretion, allow to such railroad more than its local rate, fare, or charge whenever it will be equitable so to do. The commission shall have the power to establish and fix through routes and joint rates, fares or charges over common carriers and stage or auto stage lines and to fix the division of such joint rates, fares or charges.

Stage or  
auto stage  
lines.

Interstate  
rates, inves-  
tigation by  
commission.

SEC. 34. The commission shall have the power to investigate all existing or proposed interstate rates, fares, tolls, charges and classifications, and all rules and practices in relation thereto, for or in relation to the transportation of persons or property or the transmission of messages or conversations, where any act in relation thereto shall take place within this state; and when the same are, in the opinion of the commission, excessive or discriminatory or in violation of the act of congress entitled "An act to regulate commerce," approved February fourth, eighteen hundred and eighty-seven, and the acts amendatory thereof and supplementary thereto, or of any other act of congress, or in conflict with the rulings, orders or regulations of the Interstate Commerce Commission, the commission may apply by petition or otherwise to the Interstate Commerce Commission or to any court of competent jurisdiction for relief.

Determina-  
tion of just  
rules and  
regulations,  
and proper  
equipment  
and service.

SEC. 35. Whenever the commission, after a hearing had upon its own motion or upon complaint, shall find that the rules, regulations, practices, equipment, appliances, facilities or service of any public utility, or the methods of manufacture, distribution, transmission, storage or supply employed by it, are unjust, unreasonable, unsafe, improper, inadequate or insufficient, the commission shall determine the just, reasonable, safe, proper, adequate or sufficient rules, regulations, practices, equipment, appliances, facilities, service or methods to be observed, furnished, constructed, enforced or employed and shall fix the same by its order, rule or regulation. The commission shall prescribe rules and regulations for the performance of any service or the furnishing of any commodity of the character furnished or supplied by any public utility, and, on proper demand and tender of rates, such public utility shall furnish such commodity or render such service within the time and upon the conditions provided in such rules.

SEC. 36. Whenever the commission, after a hearing had upon its own motion or upon complaint, shall find that additions, extensions, repairs or improvements to, or changes in, the



existing plant, equipment, apparatus, facilities or other physical property of any public utility or of any two or more public utilities ought reasonably to be made, or that a new structure or structures should be erected, to promote the security or convenience of its employees or the public, or in any other way to secure adequate service or facilities, the commission shall make and serve an order directing that such additions, extensions, repairs, improvements or changes be made or such structure or structures be erected in the manner and within the time specified in said order. If the commission orders the erection of a new structure, it may also fix the site thereof. If any additions, extensions, repairs, improvements or changes, or any new structure or structures which the commission has ordered to be erected, require joint action by two or more public utilities, the commission shall notify the said public utilities that such additions, extensions, repairs, improvements or changes or new structure or structures have been ordered and that the same shall be made at their joint cost, whereupon the said public utilities shall have such reasonable time as the commission may grant within which to agree upon the portion or division of cost of such additions, extensions, repairs, improvements or changes or new structure or structures, which each shall bear. If at the expiration of such time such public utilities shall fail to file with the commission a statement that an agreement has been made for a division or apportionment of the cost or expense of such additions, extensions, repairs, improvements or changes, or new structure or structures, the commission shall have authority, after further hearing, to make an order fixing the proportion of such cost or expense to be borne by each public utility and the manner in which the same shall be paid or secured.

Additions or changes in physical property of public utilities may be ordered.

SEC. 37. Whenever the commission, after a hearing had upon its own motion or upon complaint, shall find that any railroad corporation or street railroad corporation does not run a sufficient number of trains or cars, or possess or operate sufficient motive power, reasonably to accommodate the traffic, passenger or freight, transported by or offered for transportation to it, or does not run its trains or cars with sufficient frequency or at a reasonable or proper time having regard to safety, or does not stop the same at proper places, or does not run any train or trains, car or cars, upon a reasonable time schedule for the run, the commission shall have power to make an order directing any such railroad corporation or street railroad corporation to increase the number of its trains or of its cars or its motive power or to change the time for starting its trains or cars or to change the time schedule for the run of any train or car, or to change the stopping place or places thereof, or to make any other order that the commission may determine to be reasonably necessary to accommodate and transport the traffic, passenger or freight, transported or offered for transportation.

Regulation of cars and trains, motive power, time schedules and stopping places.

SEC. 38. Whenever the commission, after a hearing had upon its own motion or upon complaint, shall find that the public convenience and necessity would be subserved by having

Connections may be ordered between tracks of railroad or street railroad corporations.

connections made between the tracks of any two or more railroad or street railroad corporations, so that cars may readily be transferred from one to the other, at any of the points hereinafter in this section specified, the commission may order any two or more such corporations owning, controlling, operating or managing tracks of the same gauge to make physical connections at any and all crossings, and at all points where a railroad or street railroad shall begin or terminate or run near to any other railroad or street railroad. After the necessary franchise or permit has been secured from the city and county, or city or town, the commission may likewise order such physical connection, within such city and county, or city or town, between two or more railroads which enter the limits of the same. The commission shall by order direct whether the expense of the connections referred to in this section shall be borne jointly or otherwise.

Railroad corporation refusing to provide connection or spur may be required to do so.

SEC. 39. (a) Whenever the commission, after a hearing had upon its own motion or upon complaint, shall find that application has been made by any corporation or person to a railroad corporation for a connection or spur as provided in section 25 of this act, and that the railroad corporation has refused to provide such connection or spur and that the applicant is entitled to have the same provided for him under said section 25, the commission shall make an order requiring the providing of such connection or spur and the maintenance and use of the same upon reasonable terms which the commission shall have the power to prescribe. Whenever any such connection or spur has been so provided, any corporation or person shall be entitled to connect with the private track, tracks or railroad thereby connected with the railroad of the railroad corporation and to use the same or to use the spur so provided upon payment to the party or parties incurring the primary expense of such private track, tracks or railroad, or the connection therewith or of such spur, of a reasonable proportion of the cost thereof to be determined by the commission after notice to the interested parties and a hearing thereon; *provided*, that such connection and use can be made without unreasonable interference with the rights of the party or parties incurring such primary expense.

Must switch cars of connecting corporation.

(b) The commission shall likewise have the power to require one railroad corporation to switch to private spurs and industrial tracks upon its own railroad the cars of a connecting railroad corporation and to prescribe the terms and compensation for such service.

Connections between telephone or telegraph lines and joint rates may be established.

SEC. 40. Whenever the commission, after a hearing had upon its own motion or upon complaint, shall find that a physical connection can reasonably be made between the lines of two or more telephone corporations or two or more telegraph corporations whose lines can be made to form a continuous line of communication, by the construction and maintenance of suitable connections for the transfer of messages or conversations, and that public convenience and necessity will be subserved

thereby, or shall find that two or more telegraph or telephone corporations have failed to establish joint rates, tolls or charges for service by or over their said lines, and that joint rates, tolls or charges ought to be established, the commission may, by its order, require that such connection be made, except where the purpose of such connection is primarily to secure the transmission of local messages or conversations between points within the same city and county, or city or town, and that conversations be transmitted and messages transferred over such connection under such rules and regulations as the commission may establish, and prescribe through lines and joint rates, tolls and charges to be made, and to be used, observed and in force in the future. If such telephone or telegraph corporations do not agree upon the division between them of the cost of such physical connection or connections or the division of the joint rates, tolls or charges established by the commission over such through lines, the commission shall have authority, after further hearing, to establish such division by supplemental order.

SEC. 41. Whenever the commission, after a hearing had upon its own motion or upon complaint of a public utility affected, shall find that public convenience and necessity require the use by one public utility of the conduits, subways, tracks, wires, poles, pipes or other equipment, or any part thereof, on, over, or under any street or highway, and belonging to another public utility, and that such use will not result in irreparable injury to the owner or other users of such conduits, subways, tracks, wires, poles, pipes or other equipment or in any substantial detriment to the service, and that such public utilities have failed to agree upon such use or the terms and conditions or compensation for the same, the commission may by order direct that such use be permitted, and prescribe a reasonable compensation and reasonable terms and conditions for the joint use. If such use be directed, the public utility to whom the use is permitted shall be liable to the owner or other users of such conduits, subways, tracks, wires, poles, pipes or other equipment for such damage as may result therefrom to the property of such owner or other users thereof.

Public utility may be required to allow another to use equipment.

SEC. 42. The commission shall have power, after a hearing had upon its own motion or upon complaint, by general or special orders, rules or regulations, or otherwise, to require every public utility to maintain and operate its line, plant, system, equipment, apparatus, tracks and premises in such manner as to promote and safeguard the health and safety of its employees, passengers, customers, and the public, and to this end to prescribe, among other things, the installation, use, maintenance and operation of appropriate safety or other devices or appliances, including interlocking and other protective devices at grade crossings or junctions and block or other systems of signalling, to establish uniform or other standards of equipment, and to require the performance of any other act which the health or safety of its employees, passengers, customers or the public may demand.

Equipment must be kept in satisfactory condition.

Crossings.

SEC. 43. (a) No public road, highway or street shall hereafter be constructed across the track of any railroad corporation at grade, nor shall the track of any railroad corporation be constructed across a public road, highway or street at grade, nor shall the track of any railroad corporation be constructed across the track of any other railroad or street railroad corporation at grade, nor shall the track of a street railroad corporation be constructed across the track of a railroad corporation at grade, without having first secured the permission of the commission; *provided*, that this subsection shall not apply to the replacement of lawfully existing tracks. The commission shall have the right to refuse its permission or to grant it upon such terms and conditions as it may prescribe.

Manner and  
grade of  
crossings to  
be deter-  
mined by  
commission.

(b) The commission shall have the exclusive power to determine and prescribe the manner, including the particular point of crossing, and the terms of installation, operation, maintenance, use and protection of each crossing of one railroad by another railroad or street railroad, and of a street railroad by a railroad, and of each crossing of a public road or highway by a railroad or street railroad and of a street by a railroad or *vice versa*, subject to the provisions of section 2694 of the Political Code, so far as applicable, and to alter or abolish any such crossing, and to require where, in its judgment, it would be practicable, a separation of grades at any such crossing heretofore or hereafter established and to prescribe the terms upon which such separation shall be made and the proportions in which the expense of the alteration or abolition of such crossings or the separation of such grades shall be divided between the railroad or street railroad corporations affected or between such corporations and the state, county, municipality or other public authority in interest.

Investigation  
of accidents  
by com-  
mission.

SEC. 44. The commission shall investigate the cause of all accidents occurring within this state upon the property of any public utility or directly or indirectly arising from or connected with its maintenance or operation, resulting in loss of life or injury to person or property and requiring, in the judgment of the commission, investigation by it, and shall have the power to make such order or recommendation with respect thereto as in its judgment may seem just and reasonable; *provided*, that neither the order or recommendation of the commission nor any accident report filed with the commission shall be admitted as evidence in any action for damages based on or arising out of the loss of life, or injury to person or property, in this section referred to. Every public utility is hereby required to file with the commission, under such rules and regulations as the commission may prescribe, a report of each accident so occurring of such kinds or classes as the commission may from time to time designate.

Accidents  
to be re-  
ported by  
public  
utility.

Handling  
of freight;  
equipment;  
time of  
loading and  
unloading.

SEC. 45. (a) The commission shall have power to provide by proper rules and regulations the time within which all railroad corporations shall furnish, after demand therefor, all cars, equipment and facilities necessary for the handling of

freight in carload and less than carload lots, the time within which consignors or persons ordering cars shall load the same, and the time within which consignees or persons to whom freight may be consigned shall unload and discharge the same and receive freight from the freight rooms, and to provide penalties to be paid for failure on the part of the railroad corporations, consignors and consignees to conform to such rules. Charges for demurrage shall be uniform so that the same penalty shall be paid by both shipper or consignee and railroad corporation for an equal number of cars for each day for which demurrage is charged.

Demurrage.

(b) The commission shall also have power to provide the time within which express packages shall be received, gathered, transported and delivered at destination, and the limits within which express packages shall be gathered and distributed and telegraph and telephone messages delivered without extra charge.

Express packages; telegraph and telephone messages.

SEC. 46. (a) The commission shall have power, after hearing had upon its own motion or upon complaint, to ascertain and fix just and reasonable standards, classifications, regulations, practices, measurements or service to be furnished, imposed, observed and followed by all electrical, gas and water corporations; to ascertain and fix adequate and serviceable standards for the measurement of quantity, quality, pressure, initial voltage or other condition pertaining to the supply of the product, commodity or service furnished or rendered by any such public utility; to prescribe reasonable regulations for the examination and testing of such product, commodity or service and for the measurement thereof; to establish reasonable rules, regulations, specifications and standards to secure the accuracy of all meters and appliances for measurements; and to provide for the examination and testing of any and all appliances used for the measurement of any product, commodity or service of any such public utility.

Electricity, gas and water: measurements, standards of quality, and manner of service.

(b) The commissioners and their officers and employees shall have power to enter upon any premises occupied by any public utility, for the purpose of making the examinations and tests and exercising any of the other powers provided for in this act, and to set up and use on such premises any apparatus and appliances necessary therefor. The agents and employees of such public utility shall have the right to be present at the making of such examinations and tests.

Authority to enter premises of public utility.

(c) Any consumer or user of any product, commodity or service of a public utility may have any appliance used in the measurement thereof tested upon paying the fees fixed by the commission. The commission shall establish and fix reasonable fees to be paid for testing such appliances on the request of the consumer or user, the fee to be paid by the consumer or user at the time of his request, but to be paid by the public utility and repaid to the consumer or user if the appliance is found defective or incorrect to the disadvantage of the consumer or user, under such rules and regulations as may be prescribed by the commission.

Consumer may have appliance tested.

Valuations  
of property.

SEC. 47. The commission shall have power to ascertain the value of the property of every public utility in this state and every fact which in its judgment may or does have any bearing on such value. The commission shall have power to make revaluations from time to time and to ascertain all new construction, extensions and additions to the property of every public utility.

General  
supervision  
of accounts  
of public  
utilities.

SEC. 48. The commission shall have power to establish a system of accounts to be kept by the public utilities subject to its jurisdiction, or to classify said public utilities and to establish a system of accounts for each class, and to prescribe the manner in which such accounts shall be kept. It may also in its discretion prescribe the forms of accounts, records and memoranda to be kept by such public utilities, including the accounts, records and memoranda of the movement of traffic as well as the receipts and expenditures of moneys, and any other forms, records and memoranda which in the judgment of the commission may be necessary to carry out any of the provisions of this act. The system of accounts established by the commission and the forms of accounts, records and memoranda prescribed by it shall not be inconsistent, in the case of corporations subject to the provisions of the act of congress entitled "An act to regulate commerce," approved February fourth, eighteen hundred and eighty-seven, and the acts amendatory thereof and supplementary thereto, with the systems and forms from time to time established for such corporations by the interstate commerce commission, but nothing herein contained shall affect the power of the commission to prescribe forms of accounts, records and memoranda covering information in addition to that required by the interstate commerce commission. The commission may, after hearing had upon its own motion or upon complaint, prescribe by order the accounts in which particular outlays and receipts shall be entered, charged or credited. Where the commission has prescribed the forms of accounts, records or memoranda to be kept by any public utility for any of its business, it shall thereafter be unlawful for such public utility to keep any accounts, records or memoranda for such business other than those so prescribed, or those prescribed by or under the authority of any other state or of the United States, excepting such accounts, records or memoranda as shall be explanatory of and supplemental to the accounts, records or memoranda prescribed by the commission.

Depreciation  
accounts.

SEC. 49. The commission shall have power, after hearing, to require any or all public utilities to carry a proper and adequate depreciation account in accordance with such rules, regulations and forms of account as the commission may prescribe. The commission may, from time to time, ascertain and determine and by order fix the proper and adequate rates of depreciation of the several classes of property of each public utility. Each public utility shall conform its depreciation accounts to the rates so ascertained, determined and fixed, and shall set aside the moneys so provided for out of earnings and

carry the same in a depreciation fund and expend such fund only for such purposes and under such rules and regulations, both as to original expenditure and subsequent replacement as the commission may prescribe. The income from investments of moneys in such fund shall likewise be carried in such fund.

Sec. 50. (a) No street railroad corporation, gas corporation, electrical corporation, telephone corporation or water corporation shall henceforth begin the construction of a street railroad, or of a line, plant or system, or of any extension of such street railroad, or line, plant, or system, without having first obtained from the commission a certificate that the present or future public convenience and necessity require or will require such construction; *provided*, that this section shall not be construed to require any such corporation to secure such certificate for an extension within any city and county or city or town within which it shall have theretofore lawfully commenced operations, or for an extension into territory either within or without a city and county or city or town, contiguous to its street railroad, or line, plant or system, and not theretofore served by a public utility of like character, or for an extension within or to territory already served by it, necessary in the ordinary course of its business; *and provided, further*, that if any public utility, in constructing or extending its line, plant, or system, shall interfere or be about to interfere with the operation of the line, plant or system of any other public utility, already constructed, the commission, on complaint of the public utility claiming to be injuriously affected, may, after hearing, make such order and prescribe such terms and conditions for the location of the lines, plants or systems affected as to it may seem just and reasonable.

Construction work to be undertaken only with approval of commission.

Interference between public utilities.

(b) No public utility of a class specified in subsection (a) hereof shall henceforth exercise any right or privilege under any franchise or permit hereafter granted, or under any franchise or permit heretofore granted but not heretofore actually exercised, or the exercise of which has been suspended for more than one year, without first having obtained from the commission a certificate that public convenience and necessity require the exercise of such right or privilege; *provided*, that when the commission shall find, after hearing, that a public utility has heretofore begun actual construction work and is prosecuting such work, in good faith, uninterruptedly and with reasonable diligence in proportion to the magnitude of the undertaking, under any franchise or permit heretofore granted but not heretofore actually exercised, such public utility may proceed, under such rules and regulations as the commission may prescribe, to the completion of such work, and may, after such completion, exercise such right or privilege; *and provided, further*, that this section shall not be construed to validate any right or privilege now invalid or hereafter becoming invalid under any law of this state.

Exercise of right or privilege not heretofore exercised.

(c) Before any certificate may issue, under this section, a certified copy of its articles of incorporation or charter, if the

Hearing by  
commission,  
and issuance  
of certificate  
for construc-  
tion or  
operation.

applicant be a corporation, shall be filed in the office of the commission. Every applicant for a certificate shall file in the office of the commission such evidence as shall be required by the commission to show that such applicant has received the required consent, franchise or permit of the proper county, city and county, municipal or other public authority. The commission shall have power, after hearing, to issue said certificate, as prayed for, or to refuse to issue the same, or to issue it for the construction of a portion only of the contemplated street railroad, line, plant or system, or extension thereof, or for the partial exercise only of said right or privilege, and may attach to the exercise of the rights granted by said certificate such terms and conditions as in its judgment the public convenience and necessity may require. If a public utility desires to exercise a right or privilege under a franchise or permit which it contemplates securing, but which has not as yet been granted to it, such public utility may apply to the commission for an order preliminary to the issue of the certificate. The commission may thereupon make an order declaring that it will thereafter, upon application, under such rules and regulations as it may prescribe, issue the desired certificate, upon such terms and conditions as it may designate, after the public utility has obtained the contemplated franchise or permit. Upon the presentation to the commission of evidence satisfactory to it that such franchise or permit has been secured by such public utility, the commission shall thereupon issue such certificate.

Property  
or franchise  
of public  
utility to  
be disposed  
of only by  
authority of  
commission.

SEC. 51. (a) No railroad corporation, street railroad corporation, pipe line corporation, gas corporation, electrical corporation, telephone corporation, telegraph corporation or water corporation shall henceforth sell, lease, assign, mortgage or otherwise dispose of or encumber the whole or any part of its railroad, street railroad, line, plant or system, necessary or useful in the performance of its duties to the public, or any franchise or permit or any right thereunder, nor by any means whatsoever, direct or indirect, merge or consolidate its railroad, street railroad, line, plant or system, or franchises or permits or any part thereof, with any other public utility, without having first secured from the commission an order authorizing it so to do. Every such sale, lease, assignment, mortgage, disposition, encumbrance, merger or consolidation made other than in accordance with the order of the commission authorizing the same shall be void. The permission and approval of the commission to the exercise of a franchise or permit under section fifty of this act, or the sale, lease, assignment, mortgage or other disposition or encumbrance of a franchise or permit under this section shall not be construed to revive or validate any lapsed or invalid franchise or permit, or to enlarge or add to the powers or privileges contained in the grant of any franchise or permit, or to waive any forfeiture. Nothing in this subsection contained shall be construed to prevent the sale, lease or other disposition by any public utility of a class designated in this subsection of property which is not necessary or useful



in the performance of its duties to the public, and any sale of its property by such public utility shall be conclusively presumed to have been of property which is not useful or necessary in the performance of its duties to the public, as to any purchaser of such property in good faith for value.

(b) No public utility shall hereafter purchase or acquire, take or hold, any part of the capital stock of any other public utility, organized or existing under or by virtue of the laws of this state, without having been first authorized to do so by the commission. Every assignment, transfer, contract or agreement for assignment or transfer of any stock by or through any person or corporation to any corporation or otherwise in violation of any of the provisions of this section shall be void and of no effect, and no such transfer shall be made on the books of any public utility. Nothing herein contained shall be construed to prevent the holding of stock heretofore lawfully acquired.

Transfer  
of stock  
between  
public  
utilities.

SEC. 52. (a) The power of public utilities to issue stocks and stock certificates, and bonds, notes and other evidences of indebtedness and to create liens on their property situated within this state is a special privilege, the right of supervision, regulation, restriction and control of which is and shall continue to be vested in the state, and such power shall be exercised as provided by law and under such rules and regulations as the commission may prescribe.

Stocks,  
bonds, etc.

(b) A public utility may issue stocks and stock certificates, and bonds, notes and other evidences of indebtedness payable at periods of more than twelve months after the date thereof, for the following purposes and no others, namely, for the acquisition of property, or for the construction, completion, extension or improvement of its facilities, or for the improvement or maintenance of its service, or for the discharge or lawful refunding of its obligations, or for the reimbursement of moneys actually expended from income or from any other moneys in the treasury of the public utility not secured by or obtained from the issue of stocks or stock certificates, or bonds, notes or other evidences of indebtedness of such public utility, within five years next prior to the filing of an application with the commission for the required authorization, for any of the aforesaid purposes except maintenance of service and replacements, in cases where the applicant shall have kept its accounts and vouchers for such expenditures in such manner as to enable the commission to ascertain the amount of moneys so expended and the purposes for which such expenditure was made; *provided*, that such public utility, in addition to the other requirements of law, shall first have secured from the commission an order authorizing such issue and stating the amount thereof and the purpose or purposes to which the issue or the proceeds thereof are to be applied, and that, in the opinion of the commission, the money, property or labor to be procured or paid for by such issue is reasonably required for the purpose or purposes specified in the order, and that, except as otherwise per-

Purposes  
for which  
may be  
issued.

Must not  
be issued  
without  
authoriza-  
tion of com-  
mission.

Hearing by  
commission  
on question  
of issuance.

Application  
of issue  
to specified  
purposes.

Notes may  
be issued  
without  
approval.

Capitaliza-  
tion of cor-  
porate right  
or franchise.

Capitaliza-  
tion of con-  
solidation  
or lease.

Accounting  
for disposi-  
tion of  
proceeds.

mitted in the order in the case of bonds, notes or other evidences of indebtedness, such purpose or purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income. To enable it to determine whether it will issue such order, the commission shall hold a hearing and may make such additional inquiry or investigation, and examine such witnesses, books, papers, documents and contracts and require the filing of such data as it may deem of assistance. The commission may by its order grant permission for the issue of such stocks or stock certificates, or bonds, notes or other evidences of indebtedness in the amount applied for, or in a lesser amount, or not at all, and may attach to the exercise of its permission such condition or conditions as it may deem reasonable and necessary. The commission may authorize issues of bonds, notes or other evidences of indebtedness, less than, equivalent to or greater than the authorized or subscribed capital stock of a public utility corporation, and the provisions of sections 309 and 456 of the Civil Code of this state, in so far as they contain inhibitions against the creation by corporations of indebtedness, evidenced by bonds, notes or otherwise, in excess of their total authorized or subscribed capital stock shall have no application to public utility corporations. No public utility shall, without the consent of the commission, apply the issue of any stock or stock certificate, or bond, note or other evidence of indebtedness, or any part thereof, or any proceeds thereof, to any purpose not specified in the commission's order, or to any purpose specified in the commission's order in excess of the amount authorized for such purpose, or issue or dispose of the same on any terms less favorable than those specified in such order, or a modification thereof. A public utility may issue notes, for proper purposes and not in violation of any provision of this act or any other act, payable at periods of not more than twelve months after the date of issuance of the same, without the consent of the commission, but no such note shall, in whole or in part, be refunded by any issue of stocks or stock certificates, or of bonds, notes of any term or character or any other evidence of indebtedness, without the consent of the commission. The commission shall have no power to authorize the capitalization of the right to be a corporation, or to authorize the capitalization of any franchise or permit whatsoever or the right to own, operate or enjoy any such franchise or permit, in excess of the amount (exclusive of any tax or annual charge) actually paid to the state or to a political subdivision thereof as the consideration for the grant of such franchise, permit or right; nor shall any contract for consolidation or lease be capitalized, nor shall any public utility hereafter issue any bonds, notes or other evidences of indebtedness against or as a lien upon any contract for consolidation or merger.

(c) The commission shall have the power to require public utilities to account for the disposition of the proceeds of all sales of stocks and stock certificates, and bonds, notes and other evidences of indebtedness, in such form and detail as it may

deem advisable, and to establish such rules and regulations as it may deem reasonable and necessary to insure the disposition of such proceeds for the purpose or purposes specified in its order.

(d) All stock and every stock certificate, and every bond, note or other evidence of indebtedness, of a public utility, issued without an order of the commission authorizing the same then in effect shall be void, and likewise all stock and every stock certificate, and every bond, note or other evidence of indebtedness, of a public utility, issued with the authorization of the commission, but not conforming in its provisions to the provisions, if any, which it is required by the order of authorization of the commission to contain, shall be void: but no failure in any other respect to comply with the terms or conditions of the order of authorization of the commission shall render void any stock or stock certificate, or any bond, note or other evidence of indebtedness, except as to a corporation or person taking the same otherwise than in good faith and for value and without actual notice.

Stocks,  
bonds, etc.,  
unlawfully  
issued shall  
be void.

(e) Every public utility which, directly or indirectly, issues or causes to be issued, any stock or stock certificate, or bond, note or other evidence of indebtedness, in non-conformity with the order of the commission authorizing the same, or contrary to the provisions of this act, or of the constitution of this state, or which applies the proceeds from the sale thereof, or any part thereof, to any purpose other than the purpose or purposes specified in the commission's order, as herein provided, or to any purpose specified in the commission's order in excess of the amount in said order authorized for such purpose, is subject to a penalty of not less than five hundred dollars nor more than twenty thousand dollars for each offense.

Penalty for  
unlawful  
issue or  
disposition  
of proceeds  
by public  
utility.

(f) Every officer, agent or employee of a public utility, and every other person who knowingly authorizes, directs, aids in, issues or executes, or causes to be issued or executed, any stock or stock certificate, or bond, note or other evidence of indebtedness, in non-conformity with the order of the commission authorizing the same, or contrary to the provisions of this act, or of the constitution of this state, or who, in any proceeding before the commission, knowingly makes any false statement or representation or with knowledge of its falsity files or causes to be filed with the commission any false statement or representation, which said statement or representation so made, filed or caused to be filed may tend in any way to influence the commission to make an order authorizing the issue of any stock or stock certificate, or any bond, note or other evidence of indebtedness, or which results in procuring from the commission the making of any such order, or who, with knowledge that any false statement or representation was made to the commission, in any proceeding, tending in any way to influence the commission to make such order, issues or executes or negotiates, or causes to be issued, executed or negotiated any such stock or stock certificate, or bond, note or other evidence of indebtedness, or who, directly or indirectly, knowingly applies, or causes or

Personal  
penalty  
for participa-  
tion in  
unlawful  
issue or  
disposition  
of proceeds.

assists to be applied the proceeds or any part thereof, from the sale of any stock or stock certificate, or bond, note or other evidence of indebtedness, to any purpose not specified in the commission's order, or to any purpose specified in the commission's order in excess of the amount authorized for such purpose, or who, with knowledge that any stock or stock certificate, or bond, note or other evidence of indebtedness, has been issued or executed in violation of any of the provisions of this act, negotiates, or causes the same to be negotiated, shall be guilty of a felony.

State not  
to guarantee  
payment.

(g) No provision of this act, and no deed or act done or performed under or in connection therewith, shall be held or construed to obligate the State of California to pay or guarantee, in any manner whatsoever, any stock or stock certificate, or bond, note or other evidence of indebtedness, authorized, issued or executed under the provisions of this act.

Application  
of act to  
all issues.

(h) All stocks and stock certificates, and bonds, notes and other evidences of indebtedness issued by any public utility after this act takes effect, upon the authority of any articles of incorporation or amendments thereto or vote of the stockholders or directors filed, taken or had, or other proceedings taken or had, previous to the taking effect of this act, shall be void, unless an order of the commission authorizing the issue of such stocks or stock certificates, or bonds, notes or other evidences of indebtedness shall have been obtained from the commission prior to such issue. The commission may by its order impose such condition or conditions as it may deem reasonable and necessary.

Rules for  
hearings  
and investi-  
gations.

SEC. 53. All hearings and investigations before the commission or any commissioner shall be governed by this act and by rules of practice and procedure to be adopted by the commission, and in the conduct thereof neither the commission nor any commissioner shall be bound by the technical rules of evidence. No informality in any proceeding or in the manner of taking testimony before the commission or any commissioner shall invalidate any order, decision, rule or regulation made, approved or confirmed by the commission.

Power to  
issue process.

SEC. 54. The commission and each commissioner shall have power to issue writs or summons, subpoenas, warrants of attachment, warrants of commitment and all necessary process in proceedings for contempt, in the like manner and to the same extent as courts of record. The process issued by the commission, or any commissioner, shall extend to all parts of the state and may be served by any person authorized to serve process of courts of record, or by any person designated for that purpose by the commission or a commissioner. The person executing any such process shall receive such compensation as may be allowed by the commission, not to exceed the fees now prescribed by law for similar services, and such fees shall be paid in the same manner as provided herein for payment of the fees of witnesses.

SEC. 55. (a) The commission and each commissioner shall have power to administer oaths, certify to all official acts, and to issue subpoenas for the attendance of witnesses and the production of papers, waybills, books, accounts, documents and testimony in any inquiry, investigation, hearing or proceeding in any part of the state. Each witness who shall appear, by order of the commission or a commissioner, shall receive for his attendance the same fees and mileage allowed by law to a witness in civil cases, which amount shall be paid by the party at whose request such witness is subpoenaed. When any witness who has not been required to attend at the request of any party shall be subpoenaed by the commission, his fees and mileage shall be paid from the funds appropriated for the use of the commission in the same manner as other expenses of the commission are paid. Any witness subpoenaed except one whose fees and mileage may be paid from the funds of the commission, may, at the time of service, demand the fee to which he is entitled for travel to and from the place at which he is required to appear, and one day's attendance. If such witness demands such fees at the time of service, and they are not at that time paid or tendered, he shall not be required to attend before the commission or commissioner, as directed in the subpoena. All fees or mileage to which any witness is entitled under the provisions of this section may be collected by action therefor instituted by the person to whom such fees are payable. No witness furnished with free transportation shall receive mileage for the distance he may have traveled on such free transportation.

General powers of examination.

Fees and mileage of witnesses.

(b) The superior court in and for the county, or city and county, in which any inquiry, investigation, hearing or proceeding may be held by the commission or any commissioner shall have the power to compel the attendance of witnesses, the giving of testimony and the production of papers, including waybills, books, accounts and documents, as required by any subpoena issued by the commission or any commissioner. The commission or the commissioner before whom the testimony is to be given or produced, in case of the refusal of any witness to attend or testify or produce any papers required by such subpoena, may report to the superior court in and for the county, or city and county, in which the proceeding is pending, by petition, setting forth that due notice has been given of the time and place of attendance of said witness, or the production of said papers, and that the witness has been summoned in the manner prescribed in this act, and that the witness has failed and refused to attend or produce the papers required by the subpoena, before the commission or commissioner, in the cause or proceeding named in the notice and subpoena, or has refused to answer questions propounded to him in the course of such proceeding, and ask an order of said court, compelling the witness to attend and testify or produce said papers before the commission. The court, upon the petition of the commission or such commissioner, shall enter an order directing the witness

Powers of superior court in relation to proceedings by commission.

to appear before the court at a time and place to be fixed by the court in such order, the time to be not more than ten days from the date of the order, and then and there show cause why he has not attended and testified or produced said papers before the commission. A copy of said order shall be served upon said witness. If it shall appear to the court that said subpoena was regularly issued by the commission or a commissioner, the court shall thereupon enter an order that said witness appear before the commission or said commissioner at the time and place fixed in said order, and testify or produce the required papers, and upon failure to obey said order, said witness shall be dealt with as for contempt of court. The remedy provided in this subsection is cumulative, and shall not be construed to impair or interfere with the power of the commission or a commissioner to enforce the attendance of witnesses and the production of papers, and to punish for contempt in the same manner and to the same extent as courts of record.

Remedy  
cumulative.

Depositions  
of absent  
witnesses.

(c) The commission or any commissioner or any party may, in any investigation or hearing before the commission, cause the deposition of witnesses residing within or without the state to be taken in the manner prescribed by law for like depositions in civil actions in the superior courts of this state and to that end may compel the attendance of witnesses and the production of books, waybills, documents, papers and accounts.

Exemption  
of witnesses  
from prose-  
cution.

(d) No person shall be excused from testifying or from producing any book, waybill, document, paper or account in any investigation or inquiry by or hearing before the commission or any commissioner, when ordered to do so, upon the ground that the testimony or evidence, book, waybill, document, paper or account required of him may tend to incriminate him or subject him to penalty or forfeiture, but no person shall be prosecuted, punished or subjected to any penalty or forfeiture for or on account of any act, transaction, matter or thing concerning which he shall, under oath have testified or produced documentary evidence; *provided*, that no person so testifying shall be exempt from prosecution or punishment for any perjury committed by him in his testimony. Nothing herein contained shall be construed as in any manner giving to any public utility immunity of any kind.

Copies of  
official docu-  
ments or  
orders may  
be used in  
like manner  
as originals.

SEC. 56. (a) Copies of all official documents and orders filed or deposited according to law in the office of the commission, certified by a commissioner or by the secretary under the official seal of the commission to be true copies of the originals, shall be evidence in like manner as the originals.

(b) Every order, authorization or certificate issued or approved by the commission under any provision of sections 38, 39, 40, 41, 43, 50, 51 or 52 of this act shall be in writing and entered on the records of the commission. Any such order, authorization or certificate, or a copy thereof, or a copy of the record of any such order, authorization or certificate, certified by a commissioner or by the secretary under the official seal of the commission to be a true copy of the original order, authori-

zation, certificate or entry, may be recorded in the office of the recorder of any county, or city and county, in which is located the principal place of business of any public utility affected thereby, or in which is situated any property of any such public utility, and such record shall impart notice of its provisions to all persons. A certificate under the seal of the commission that any such order, authorization or certificate has not been modified, stayed, suspended or revoked may also be recorded in the same offices in the same manner and with like effect.

SEC. 57. The commission shall charge and collect the following fees: for copies of papers and records not required to be certified or otherwise authenticated by the commission, ten cents for each folio; for certified copies of official documents and orders filed in its office, fifteen cents for each folio and one dollar for every certificate under seal affixed thereto; for certifying a copy of any report made by a public utility, two dollars; for each certified copy of the annual report of the commission, one dollar and fifty cents; for certified copies of evidence and proceedings before the commission, fifteen cents for each folio; for certificate authorizing an issue of bonds, notes or other evidences of indebtedness, one dollar for each thousand dollars of the face value of the authorized issue or fraction thereof up to one million dollars, and fifty cents for each one thousand dollars over one million dollars and up to ten million dollars, and twenty-five cents for each one thousand dollars over ten million dollars, with a minimum fee in any case of two hundred and fifty dollars; *provided*, that no fee shall be required when such issue is made for the purpose of guaranteeing, taking over, refunding, discharging or retiring any bond, note or other evidence of indebtedness up to the amount of the issue guaranteed, taken over, refunded, discharged or retired. No fees shall be charged or collected for copies of papers, records or official documents, furnished to public officers for use in their official capacity, or for the annual reports of the commission in the ordinary course of distribution, but the commission may fix reasonable charges for publications issued under its authority. All fees charged and collected under this section shall be paid, at least once each week, accompanied by a detailed statement thereof, into the treasury of the state to the credit of a fund to be known as the "railroad commission fund," which fund is hereby created.

Fees collectible by the commission.

Creation of railroad commission fund.

SEC. 58. The commission, each commissioner and each officer and person employed by the commission shall have the right, at any and all times, to inspect the accounts, books, papers and documents of any public utility, and the commission, each commissioner and any officer of the commission or any employee authorized to administer oaths shall have power to examine under oath any officer, agent or employee of such public utility in relation to the business and affairs of said public utility; *provided*, that any person other than a commissioner or an officer of the commission demanding such inspection shall produce under the hand and seal of the commission his authority

Right to inspect accounts and documents and to examine employees of public utility.

to make such inspection; *and provided further*, that a written record of the testimony or statement so given under oath shall be made and filed with the commission.

Production  
of accounts  
and docu-  
ments kept  
without  
this state.

SEC. 59. The commission may require, by order served on any public utility in the manner provided herein for the service of orders, the production within this state at such time and place as it may designate, of any books, accounts, papers or records kept by said public utility in any office or place without this state, or, at its option, verified copies in lieu thereof, so that an examination thereof may be made by the commission or under its direction.

Complaints  
against  
public  
utilities.

SEC. 60. Complaint may be made by the commission of its own motion or by any corporation or person, chamber of commerce, board of trade, or any civic, commercial, mercantile, traffic, agricultural or manufacturing association or organization or any body politic or municipal corporation, by petition or complaint in writing, setting forth any act or thing done or omitted to be done by any public utility including any rule, regulation or charge heretofore established or fixed by or for any public utility, in violation, or claimed to be in violation, of any provision of law or of any order or rule of the commission; *provided*, that no complaint shall be entertained by the commission, except upon its own motion, as to the reasonableness of any rates or charges of any gas, electrical, water or telephone corporation, unless the same be signed by the mayor or the president or chairman of the board of trustees or a majority of the council, commission, or other legislative body of the city and county, or city or town, if any, within which the alleged violation occurred, or not less than twenty-five consumers or purchasers or prospective consumers or purchasers, of such gas, electricity, water or telephone service. All matters upon which complaint may be founded may be joined in one hearing, and no motion shall be entertained against a complaint for misjoinder of causes of action or grievances or misjoinder or nonjoinder of parties; and in any review by the courts of orders or decisions of the commission the same rule shall apply with regard to the joinder of causes and parties as herein provided. The commission shall not be required to dismiss any complaint because of the absence of direct damage to the complainant. Upon the filing of a complaint, the commission shall cause a copy thereof to be served upon the corporation or person complained of. Service in all hearings, investigations and proceedings pending before the commission may be made upon any person upon whom a summons may be served in accordance with the provisions of the Code of Civil Procedure of this state, and may be made personally or by mailing in a sealed envelope, registered, with postage prepaid. The commission shall fix the time when and place where a hearing will be had upon the complaint and shall serve notice thereof, not less than ten days before the time set for such hearing, unless the commission shall find that public necessity requires that such hearing be held at an earlier date.

Manner of  
making in  
case of  
certain cor-  
porations.

Service  
upon cor-  
poration of  
copy of  
complaint

Time set  
for hearing.



SEC. 61. (a) At the time fixed for any hearing before the commission or a commissioner, or the time to which the same may have been continued, the complainant and the corporation or person complained of, and such corporations or persons as the commission may allow to intervene, shall be entitled to be heard and to introduce evidence. The commission shall issue process to enforce the attendance of all necessary witnesses. After the conclusion of the hearing, the commission shall make and file its order, containing its decision. A copy of such order, certified under the seal of the commission, shall be served upon the corporation or person complained of, or his or its attorney. Said order shall, of its own force, take effect and become operative twenty days after the service thereof, except as otherwise provided, and shall continue in force either for a period which may be designated therein or until changed or abrogated by the commission. If an order can not, in the judgment of the commission, be complied with within twenty days, the commission may grant and prescribe such additional time as in its judgment is reasonably necessary to comply with the order, and may on application and for good cause shown, extend the time for compliance fixed in its order. A full and complete record of all proceedings had before the commission or any commissioner on any formal hearing had, and all testimony shall be taken down by a reporter appointed by the commission, and the parties shall be entitled to be heard in person or by attorney. In case of an action to review any order or decision of the commission, a transcript of such testimony, together with all exhibits or copies thereof introduced and all information secured by the commission on its own initiative and considered by it in rendering its order or decision, and of the pleadings, record and proceedings in the cause, shall constitute the record of the commission; *provided*, that on review of an order or decision of the commission, the petitioner and the commission may stipulate that a certain question or questions alone and a specified portion only of the evidence shall be certified to the supreme court for its judgment, whereupon such stipulation and the question or questions and the evidence therein specified shall constitute the record on review.

Hearing,  
and order  
of com-  
mission.

Service  
of order  
upon cor-  
poration.

Record of  
proceedings.

Right of  
representa-  
tion at  
hearing.

Record on  
review.

SEC. 62. Any public utility shall have a right to complain on any of the grounds upon which complaints are allowed to be filed by other parties, and the same procedure shall be adopted and followed as in other cases, except that the complaint may be heard *ex parte* by the commission or may be served upon any parties designated by the commission.

Complaint  
by public  
utility.

SEC. 63. (a) No public utility shall raise any rate, fare, toll, rental or charge or so alter any classification, contract, practice, rule or regulation as to result in an increase in any rate, fare, toll, rental or charge, under any circumstances whatsoever, except upon a showing before the commission and a finding by the commission that such increase is justified.

Increase  
in charges  
prohibited  
unless by  
finding of  
commission.

(b) Whenever there shall be filed with the commission any schedule stating an individual or joint rate, fare, toll, rental,

Determina-  
tion by com-  
mission of  
propriety of  
schedule  
submitted  
by public  
utility.

Establissh-  
ment of  
regular  
schedule.

Commission  
may rescind  
or amend  
prior orders.

Orders,  
when con-  
clusive.

Rehearing  
by com-  
mission.

charge, classification, contract, practice, rule or regulation, not increasing or resulting in an increase in any rate, fare, toll, rental or charge, the commission shall have power, and it is hereby given authority, either upon complaint or upon its own initiative without complaint, at once, and if it so orders, without answer or other formal pleadings by the interested public utility or utilities, but upon reasonable notice, to enter upon a hearing concerning the propriety of such rate, fare, toll, rental, charge, classification, contract, practice, rule or regulation, and pending the hearing and the decision thereon such rate, fare, toll, rental, charge, classification, contract, practice, rule or regulation shall not go into effect; *provided*, that the period of suspension of such rate, fare, toll, rental, charge, classification, contract, practice, rule or regulation shall not extend beyond one hundred and twenty days beyond the time when such rate, fare, toll, rental, charge, classification, contract, practice, rule or regulation would otherwise go into effect unless the commission, in its discretion, extends the period of suspension for a further period not exceeding six months. On such hearing the commission shall establish the rates, fares, tolls, rentals, charges, classifications, contracts, practices, rules or regulations proposed, in whole or in part, or others in lieu thereof, which it shall find to be just and reasonable. All such rates, fares, tolls, rentals, charges, classifications, contracts, practices, rules or regulations not so suspended shall, on the expiration of thirty days from the time of filing the same with the commission, or of such lesser time as the commission may grant, go into effect and be the established and effective rates, fares, tolls, rentals, charges, classifications, contracts, practices, rules and regulations, subject to the power of the commission, after a hearing had on its own motion or upon complaint, as herein provided, to alter or modify the same.

SEC. 64. The commission may at any time, upon notice to the public utility affected, and after opportunity to be heard as provided in the case of complaints, rescind, alter or amend any order or decision made by it. Any order rescinding, altering or amending a prior order or decision shall, when served upon the public utility affected, have the same effect as is herein provided for original orders or decisions.

SEC. 65. In all collateral actions or proceedings, the orders and decisions of the commission which have become final shall be conclusive.

SEC. 66. After any order or decision has been made by the commission, any party to the action or proceeding, or any stockholder or bondholder or other party pecuniarily interested in the public utility affected, may apply for a rehearing in respect to any matters determined in said action or proceeding and specified in the application for rehearing, and the commission may grant and hold such rehearing on said matters, if in its judgment sufficient reason therefor be made to appear. No cause of action arising out of any order or decision of the commission shall accrue in any court to any corporation or person

unless such corporation or person shall have made, before the effective date of said order or decision, application to the commission for a rehearing. Such application shall set forth specifically the ground or grounds on which the applicant considers said decision or order to be unlawful. No corporation or person shall in any court urge or rely on any ground not so set forth in said application. Any application for a rehearing made ten days or more before the effective date of the order as to which a rehearing is sought, shall be either granted or denied before such effective date, or the order shall stand suspended until such application is granted or denied. Any application for a rehearing made within less than ten days before the effective date of the order as to which a rehearing is sought, and not granted within twenty days, may be taken by the party making the application to be denied, unless the effective date of the order is extended for the period of the pendency of the application. If any application for a rehearing be granted without a suspension of the order involved, the commission shall forthwith proceed to hear the matter with all despatch and shall determine the same within twenty days after final submission, and if such determination is not made within said time, it may be taken by any party to the rehearing that the order involved is affirmed. An application for rehearing shall not excuse any corporation or person from complying with and obeying any order or decision, or any requirement of any order or decision of the commission theretofore made, or operate in any manner to stay or postpone the enforcement thereof, except in such cases and upon such terms as the commission may by order direct. If, after such rehearing and a consideration of all the facts, including those arising since the making of the order or decision, the commission shall be of the opinion that the original order or decision or any part thereof is in any respect unjust or unwarranted, or should be changed, the commission may abrogate, change or modify the same. An order or decision made after such rehearing abrogating, changing or modifying the original order or decision shall have the same force and effect as an original order or decision, but shall not affect any right or the enforcement of any right arising from or by virtue of the original order or decision unless so ordered by the commission.

Time of making application, and effect thereof.

Application does not excuse from obeying order of commission.

Former decision may be abrogated, or modified.

SEC. 67. Within thirty days after the application for a rehearing is denied, or, if the application is granted, then within thirty days after the rendition of the decision on rehearing, the applicant may apply to the supreme court of this state for a writ of certiorari or review (hereinafter referred to as a writ of review) for the purpose of having the lawfulness of the original order or decision or the order or decision on rehearing inquired into and determined. Such writ shall be made returnable not later than thirty days after the date of the issuance thereof, and shall direct the commission to certify its record in the case to the court. On the return day, the cause shall be heard by the supreme court, unless for a good

Supreme court may review decision of commission.

Cause heard on record.	reason shown the same be continued. No new or additional evidence may be introduced in the supreme court, but the cause shall be heard on the record of the commission as certified to by it. The review shall not be extended further than to determine whether the commission has regularly pursued its authority, including a determination of whether the order or decision under review violates any right of the petitioner under the constitution of the United States or of the State of California. The findings and conclusions of the commission on questions of fact shall be final and shall not be subject to review; such questions of fact shall include ultimate facts and the findings and conclusions of the commission on reasonableness and discrimination. The commission and each party to the action or proceeding before the commission shall have the right to appear in the review proceeding. Upon the hearing the supreme court shall enter judgment either affirming or setting aside the order or decision of the commission. The provisions of the code of civil procedure of this state relating to writs of review shall, so far as applicable and not in conflict with the provisions of this act, apply to proceedings instituted in the supreme court under the provisions of this section. No court of this state (except the supreme court to the extent herein specified) shall have jurisdiction to review, reverse, correct or annul any order or decision of the commission or to suspend or delay the execution or operation thereof, or to enjoin, restrain or interfere with the commission in the performance of its official duties; <i>provided</i> , that the writ of mandamus shall lie from the supreme court to the commission in all proper cases.
What may be determined on review.	
Rules for review proceedings.	
Supreme court only to have jurisdiction.	
Suspension by supreme court of order of commission during pendency of review.	<p>SEC. 68. (a) The pendency of a writ of review shall not of itself stay or suspend the operation of the order or decision of the commission, but during the pendency of such writ, the supreme court in its discretion may stay or suspend, in whole or in part, the operation of the commission's order or decision.</p> <p>(b) No order so staying or suspending an order or decision of the commission shall be made by the supreme court otherwise than upon three days' notice and after hearing, and if the order or decision of the commission is suspended, the order suspending the same shall contain a specific finding based upon evidence submitted to the court and identified by reference thereto, that great or irreparable damage would otherwise result to the petitioner and specifying the nature of the damage.</p> <p>(c) In case the order or decision of the commission is stayed or suspended, the order of the court shall not become effective until a suspending bond shall first have been executed and filed with, and approved by the commission (or approved, on review, by the supreme court), payable to the people of the State of California, and sufficient in amount and security to insure the prompt payment, by the party petitioning for the review, of all damages caused by the delay in the enforcement of the order or decision of the commission, and of all moneys which any person or corporation may be compelled to pay, pending the review proceedings, for transportation, transmission, product, com-</p>
Suspending bond must be executed by public utility.	

modity or service in excess of the charges fixed by the order or decision of the commission, in case said order or decision is sustained. The supreme court, in case it stays or suspends the order or decision of the commission in any matter affecting rates, fares, tolls, rentals, charges or classifications, shall also by order direct the public utility affected to pay into court, from time to time, there to be impounded until the final decision of the case, or into some bank or trust company paying interest on deposits, under such conditions as the court may prescribe, all sums of money which it may collect from any corporation or person in excess of the sum such corporation or person would have been compelled to pay if the order or decision of the commission had not been stayed or suspended.

Moneys involved must be paid into court.

(d) In case the supreme court stays or suspends any order or decision lowering any rate, fare, toll, rental, charge or classification, the commission, upon the execution and approval of said suspending bond, shall forthwith require the public utility affected, under penalty of the immediate enforcement of the order or decision of the commission (pending the review and notwithstanding the suspending order), to keep such accounts, verified by oath, as may, in the judgment of the commission, suffice to show the amounts being charged or received by such public utility, pending the review, in excess of the charges allowed by the order or decision of the commission, together with the names and addresses of the corporations or persons to whom overcharges will be refundable in case the charges made by the public utility, pending the review, be not sustained by the supreme court. The court may, from time to time, require said party petitioning for a review to give additional security on, or to increase the said suspending bond, whenever in the opinion of the court the same may be necessary to insure the prompt payment of said damages and said overcharges. Upon the final decision by the supreme court, all moneys which the public utility may have collected, pending the appeal in excess of those authorized by such final decision, together with interest, in case the court ordered the deposit of such moneys in a bank or trust company, shall be promptly paid to the corporations or persons entitled thereto, in such manner and through such methods of distribution as may be prescribed by the commission. If any such moneys shall not have been claimed by the corporations or persons entitled thereto within one year from the final decision of the supreme court, the commission shall cause notice to such corporations or persons to be given by publication, once a week for two successive weeks, in a newspaper of general circulation, printed and published in the city and county of San Francisco, and such other newspaper or newspapers as may be designated by the commission, said notice to state the names of the corporations or persons entitled to such moneys and the amount due each corporation or person. All moneys not claimed within three months after the publication of said notice shall be paid by the public utility, under the direction of the commission, into the state treasury for the benefit of the general fund.

Accounting for excess charges.

Additional security.

Settlement upon final decision.

Preference  
over other  
causes on  
court  
calendar.

SEC. 69. All actions and proceedings under this act, and all actions or proceedings to which the commission or the people of the State of California may be parties, and in which any question arises under this act, or under or concerning any order or decision of the commission, shall be preferred over all other civil causes except election causes and shall be heard and determined in preference to all other civil business except election causes, irrespective of position on the calendar. The same preference shall be granted upon application of the attorney of the commission in any action or proceeding in which he may be allowed to intervene.

Hearing  
on deter-  
mination of  
value of  
property  
of public  
utility.

SEC. 70. For the purpose of ascertaining the matters and things specified in section forty-seven of this act, concerning the value of the property of public utilities, the commission may cause a hearing or hearings to be held at such time or times and place or places as the commission may designate. Before any hearing is had, the commission shall give the public utility affected thereby at least thirty days' written notice, specifying the time and place of such hearing, and such notice shall be sufficient to authorize the commission to inquire into the matters designated in this section and in said section forty-seven of this act, but this provision shall not prevent the commission from making any preliminary examination or investigation into the matters herein referred to, or from inquiring into such matters in any other investigation or hearing. All public utilities affected shall be entitled to be heard and to introduce evidence at such hearing or hearings. The commission is empowered to resort to any other source of information available. The evidence introduced at such hearing shall be reduced to writing and certified under the seal of the commission. The commission shall make and file its findings of fact in writing upon all matters concerning which evidence shall have been introduced before it which in its judgment have bearing on the value of the property of the public utility affected. Such findings shall be subject to review by the supreme court of this state in the same manner and within the same time as other orders and decisions of the commission. The findings of the commission so made and filed, when properly certified under the seal of the commission, shall be admissible in evidence in any action, proceeding or hearing before the commission or any court, in which the commission, the state or any officer, department or institution thereof, or any county, city and county, municipality or other body politic and the public utility affected may be interested whether arising under the provisions of this act or otherwise, and such findings, when so introduced, shall be conclusive evidence of the facts therein stated as of the date therein stated under conditions then existing, and such facts can only be controverted by showing a subsequent change in conditions bearing upon the facts therein determined. The commission may from time to time cause further hearings and investigations to be had for the purpose of making revaluations or ascertaining the value of any betterments, improvements, additions or extensions made

Notice.

Preliminary  
examination.

Evidence.

Findings.

Subject to  
review by  
supreme  
court.

by any public utility subsequent to any prior hearing or investigation, and may examine into all matters which may change, modify or affect any finding of fact previously made, and may at such time make findings of fact supplementary to those theretofore made. Such hearings shall be had upon the same notice and be conducted in the same manner, and the findings so made shall have the same force and effect as is provided herein for such original notice, hearing and findings; *provided*, that such findings made at such supplemental hearings or investigations shall be considered in connection with and as a part of the original findings except in so far as such supplemental findings shall change or modify the findings made at the original hearing or investigation.

Supple-  
mental  
findings by  
commission.

SEC. 71. (a) When complaint has been made to the commission concerning any rate, fare, toll, rental or charge for any product or commodity furnished or service performed by any public utility, and the commission has found, after investigation, that the public utility has charged an excessive or discriminatory amount for such product, commodity or service, the commission may order that the public utility make due reparation to the complainant therefor, with interest from the date of collection; *provided*, no discrimination will result from such reparation.

Reparation  
for over-  
charge by  
public  
utility.

(b) If the public utility does not comply with the order for the payment of reparation within the time specified in such order, suit may be instituted in any court of competent jurisdiction to recover the same. All complaints concerning excessive or discriminatory charges shall be filed with the commission within two years from the time the cause of action accrues, and the petition for the enforcement of the order shall be filed in the court within one year from the date of the order of the commission. The remedy in this section provided shall be cumulative and in addition to any other remedy or remedies in this act provided in case of failure of a public utility to obey an order or decision of the commission.

Recovery  
of payment  
of repara-  
tion.

Time limit  
for com-  
plaint and  
recovery.

Remedy  
cumulative.

SEC. 72. It is hereby made the duty of the commission to see that the provisions of the constitution and statutes of this state affecting public utilities, the enforcement of which is not specifically vested in some other officer or tribunal, are enforced and obeyed, and that violations thereof are promptly prosecuted and penalties due the state therefor recovered and collected, and to this end it may sue in the name of the people of the State of California. Upon the request of the commission, it shall be the duty of the attorney general or the district attorney of the proper county or city and county to aid in any investigation, hearing or trial had under the provisions of this act, and to institute and prosecute actions or proceedings for the enforcement of the provisions of the constitution and statutes of this state affecting public utilities and for the punishment of all violations thereof.

Duty of  
commission  
to compel  
enforcement  
of laws.

Duty of  
attorney  
general or  
district  
attorney.

SEC. 73. (a) In case any public utility shall do, cause to be done or permit to be done any act, matter or thing prohibited,

Liability  
of public  
utility for  
damages  
caused by  
unlawful  
acts or  
omissions.

forbidden or declared to be unlawful, or shall omit to do any act, matter or thing required to be done, either by the constitution, any law of this state or any order or decision of the commission, such public utility shall be liable to the persons or corporations affected thereby for all loss, damages or injury caused thereby or resulting therefrom, and if the court shall find that the act or omission was wilful, the court may in addition to the actual damages award damages for the sake of example and by way of punishment. An action to recover for such loss, damage or injury may be brought in any court of competent jurisdiction by any corporation or person.

(b) No recovery as in this section provided shall in any manner affect a recovery by the state of the penalties in this act provided or the exercise by the commission of its power to punish for contempt.

Effect on  
actions  
under other  
laws.

SEC. 74. (a) This act shall not have the effect to release or waive any right of action by the state, the commission, or any person or corporation for any right, penalty or forfeiture which may have arisen or accrued or may hereafter arise or accrue under any law of this state.

Penalties  
cumulative.

(b) All penalties accruing under this act shall be cumulative of each other, and a suit for the recovery of one penalty shall not be a bar to or affect the recovery of any other penalty or forfeiture or be a bar to any criminal prosecution against any public utility, or any officer, director, agent or employee thereof, or any other corporation or person, or be a bar to the exercise by the commission of its power to punish for contempt.

Mandamus  
or injunction  
proceedings  
at instance  
of com-  
mission.

SEC. 75. Whenever the commission shall be of the opinion that any public utility is failing or omitting or about to fail or omit, to do anything required of it by law, or by any order, decision, rule, direction or requirement of the commission, or is doing anything or about to do anything, or permitting anything or about to permit anything to be done, contrary to or in violation of law or of any order, decision, rule, direction or requirement of the commission, it shall direct the attorney of the commission to commence an action or proceeding in the superior court in and for the county, or city and county, in which the cause or some part thereof arose, or in which the corporation complained of, if any, has its principal place of business, or in which the person, if any, complained of, resides, in the name of the people of the State of California, for the purpose of having such violations or threatened violations stopped and prevented, either by mandamus or injunction. The attorney of the commission shall thereupon begin such action or proceeding by petition to such superior court, alleging the violation or threatened violation complained of, and praying for appropriate relief by way of mandamus or injunction. It shall thereupon be the duty of the court to specify a time, not exceeding twenty days after the service of the copy of the petition, within which the public utility complained of must answer the petition, and in the mean time said public utility may be restrained. In case of default in answer, or after answer, the court shall

Action in  
superior  
court.



immediately inquire into the facts and circumstances of the case. Such corporations or persons as the court may deem necessary or proper to be joined as parties, in order to make its judgment, order or writ effective, may be joined as parties. The final judgment in any such action or proceeding shall either dismiss the action or proceeding or direct that the writ of mandamus or injunction issue or be made permanent as prayed for in the petition, or in such modified or other form as will afford appropriate relief. An appeal may be taken to the supreme court from such final judgment in the same manner and with the same effect, subject to the provisions of this act, as appeals are taken from judgments of the superior court in other actions for mandamus or injunction.

Judgment.

Appeal to  
supreme  
court.

SEC. 76. (a) Any public utility which violates or fails to comply with any provision of the constitution of this state or of this act, or which fails, omits or neglects to obey, observe or comply with any order, decision, decree, rule, direction, demand or requirement or any part or provision thereof, of the commission, in a case in which a penalty has not hereinbefore been provided for such public utility, is subject to a penalty of not less than five hundred dollars nor more than two thousand dollars for each and every offense.

Penalties  
for offenses  
by public  
utility.

(b) Every violation of the provisions of this act or of any order, decision, decree, rule, direction, demand or requirement of the commission, or any part or portion thereof by any corporation or person is a separate and distinct offense, and in case of a continuing violation each day's continuance thereof shall be and be deemed to be a separate and distinct offense.

(c) In construing and enforcing the provisions of this act relating to penalties, the act, omission or failure of any officer, agent or employee of any public utility, acting within the scope of his official duties or employment, shall in every case be and be deemed to be the act, omission or failure of such public utility.

Responsibil-  
ity for act  
or omission  
of employees.

SEC. 77. Every officer, agent or employee of any public utility, who violates or fails to comply with, or who procures, aids or abets any violation by any public utility of any provision of the constitution of this state or of this act, or who fails to obey, observe or comply with any order, decision, rule, direction, demand or requirement or any part or provision thereof, of the commission, or who procures, aids or abets any public utility in its failure to obey, observe and comply with any such order, decision, rule, direction, demand or requirement, or any part or provision thereof in a case in which a penalty has not hereinbefore been provided for such officer, agent or employee, is guilty of a misdemeanor and is punishable by a fine not exceeding one thousand dollars, or by imprisonment in a county jail not exceeding one year, or by both such fine and imprisonment.

Penalty  
for offense  
by officer  
or employee.

SEC. 78. Every corporation, other than a public utility, which violates any provision of this act, or which fails to obey, observe or comply with any order, decision, rule, direction,

Penalty for  
offenses by  
corporations  
in general.

demand or requirement, or any part or provision thereof, of the commission, in a case in which a penalty has not hereinbefore been provided for such corporation, is subject to a penalty of not less than five hundred dollars nor more than two thousand dollars for each and every offense.

Penalty  
for offenses  
by officers  
or employees  
of corpora-  
tions in  
general.

SEC. 79. Every person who, either individually, or acting as an officer, agent or employee of a corporation other than a public utility, violates any provision of this act, or fails to observe, obey or comply with any order, decision, rule, direction, demand or requirement, or any part or portion thereof, of the commission, or who procures, aids or abets any such public utility in its violation of this act, or in its failure to obey, observe or comply with any such order, decision, rule, direction, demand or requirement, or any part or portion thereof, in a case in which a penalty has not hereinbefore been provided for such person, is guilty of a misdemeanor, and is punishable by a fine not exceeding one thousand dollars, or by imprisonment in a county jail not exceeding one year, or by both such fine and imprisonment.

Actions,  
where  
brought,  
and how  
prosecuted.

SEC. 80. Actions to recover penalties under this act shall be brought in the name of the people of the State of California, in the superior court in and for the county, or city and county, in which the cause or some part thereof arose, or in which the corporation complained of, if any, has its principal place of business, or in which the person, if any, complained of, resides. Such action shall be commenced and prosecuted to final judgment by the attorney of the commission. In any such action, all penalties incurred up to the time of commencing the same may be sued for and recovered. In all such actions, the procedure and rules of evidence shall be the same as in ordinary civil actions, except as otherwise herein provided. All fines and penalties recovered by the state in any such action, together with the costs thereof, shall be paid into the state treasury to the credit of the general fund. Any such action may be compromised or discontinued on application of the commission upon such terms as the court shall approve and order.

Disposition  
of fines  
and pen-  
alties.

Punish-  
ment for  
contempt.

SEC. 81. Every public utility, corporation or person which shall fail to observe, obey or comply with any order, decision, rule, regulation, direction, demand or requirement, or any part or portion thereof, of the commission or any commissioner shall be in contempt of the commission, and shall be punishable by the commission for contempt in the same manner and to the same extent as contempt is punished by courts of record. The remedy prescribed in this section shall not be a bar to or affect any other remedy prescribed in this act, but shall be cumulative and in addition to such other remedy or remedies.

Effect on  
powers of  
control by  
municipalities.

SEC. 82. This act shall not affect such powers of control over any public utility vested in any city and county or incorporated city or town as, at an election to be held pursuant to laws to be hereafter passed by the legislature, a majority of the qualified electors voting thereon of such city and county, or incorporated city or town, shall vote to retain, and until

such election such powers shall continue unimpaired in such city and county or incorporated city or town; but if the vote so taken shall not favor the continuation of such powers, they shall thereafter vest in the commission; *provided*, that where any such city and county or incorporated city or town shall have elected to continue any powers respecting public utilities, it may, by a vote of a majority of its qualified electors voting thereon, thereafter surrender such powers to the commission in the manner to be prescribed by the legislature; or if such municipal corporation shall have surrendered any powers to the commission, it may, by like vote, thereafter reinvest itself with such power.

SEC. 83. (a) This act shall not affect pending actions or proceedings brought by or against the people of the State of California or the commission, or by any other person or corporation under the provisions of chapters 20 or 386 of the laws of 1911, but the same may be prosecuted and defended with the same effect as though this act had not been passed. Any investigation, hearing, or examination undertaken, commenced, instituted or prosecuted prior to the taking effect of this act may be conducted and continued to a final determination in the same manner and with the same effect as if it had been undertaken, commenced, instituted or prosecuted in accordance with the provisions of this act. All proceedings hitherto taken by the commission in any such investigation, hearing or examination are hereby ratified, approved, validated and confirmed and all such proceedings shall have the same force and effect as if they had been undertaken, commenced, instituted, and prosecuted under the provisions of this act and in the manner herein prescribed.

Effect on  
pending  
actions or  
proceedings.

Ratification  
of previous  
proceedings.

(b) No cause of action arising under the provisions of chapters 20 or 386 of the laws of 1911 shall abate by reason of the passage of this act, whether a suit or action has been instituted thereon at the time of the taking effect of this act or not, but actions may be brought upon such causes in the same manner, under the same terms and conditions, and with the same effect as though said chapters had not been repealed.

Effect on  
actions  
under cer-  
tain laws.

(c) All orders, decisions, rules or regulations heretofore made, issued or promulgated by the commission shall continue in force and have the same effect as though they had been lawfully made, issued or promulgated under the provisions of this act.

Ratification  
of previous  
orders.

(d) This act, in so far as it embraces the same subject matter, shall be construed as a continuation of chapter 20 of the laws of 1911, approved February 10, 1911, and chapter 386 of the laws of 1911, approved April 6, 1911.

Continuation  
of certain  
laws.

SEC. 84. If any section, subsection, sentence, clause or phrase of this act is for any reason held to be unconstitutional, such decision shall not affect the validity of the remaining portions of this act. The legislature hereby declares that it would have passed this act, and each section, subsection, sentence, clause and phrase thereof, irrespective of the fact that any one or

Constitu-  
tionality  
of act.

more other sections, subsections, sentences, clauses or phrases be declared unconstitutional.

Application  
to foreign  
or interstate  
commerce.

SEC. 85. Neither this act nor any provision thereof, except when specifically so stated, shall apply or be construed to apply to commerce with foreign nations or commerce among the several states of this union, except in so far as the same may be permitted under the provisions of the constitution of the United States and the acts of Congress.

Appropriation.

SEC. 86. All moneys which are paid into the state treasury by the commission up to and including the thirtieth day of June, 1913, under the provisions of section 57 of this act, and credited to the railroad commission fund, are hereby appropriated, to be used by the commission in carrying out the provisions of this act, and the controller is hereby directed to draw his warrant on said fund from time to time in favor of the commission for the amounts expended under its direction, and the treasurer is hereby authorized and directed to pay the same.

Repeal of  
other acts.

SEC. 87. The railroad commission act, approved February 10, 1911, and the act entitled "An act to amend the railroad commission act by amending section fifteen thereof relating to powers and duties of the railroad commission of the State of California, and to amend section thirty-seven thereof relating to free and reduced-rate transportation for freight and passengers," approved April 6, 1911, and all acts or parts of acts inconsistent with the provisions of this act, are hereby repealed.

SEC. 88. This act shall take effect ninety days after the final adjournment of this session of the legislature.

## CHAPTER 15.

*An act to amend section 1855a of the Code of Civil Procedure relative to the introduction of abstracts of title in evidence.*

[Approved December 24, 1911.]

*The people of the State of California do enact as follows:*

SECTION 1. Section 1855a of the Code of Civil Procedure is hereby amended to read as follows:

Proof of  
contents of  
lost public  
record or  
document.

**1855a.** When, in any action, it is desired to prove the contents of any public record or document lost or destroyed by conflagration or other public calamity and after proof of such loss or destruction, there is offered in proof of such contents (a) any abstract of title made and issued and certified as correct prior to such loss or destruction, and purporting to have been prepared and made in the ordinary course of business by any person, firm or corporation engaged in the business of preparing and making abstracts of title prior to such loss or destruction; (b) any abstract of title, or of any instrument affecting title, made, issued and certified as correct by any per-

# EXHIBIT B

THE  
AMERICAN  
Dictionary and Cyclopedia

A NEW AND EXHAUSTIVE WORK OF REFERENCE TO THE ENGLISH  
LANGUAGE, DEFINING OVER 250,000 WORDS, WITH A FULL ACCOUNT  
OF THEIR ORIGIN, PRONUNCIATION AND USE

Comprising a General Encyclopedia of Literature, Art, Science, Invention and Discovery;  
A Gazetteer and Atlas of the World; A Comprehensive Dictionary  
of Universal Biography, etc.

CONTAINING

OVER ONE HUNDRED MAPS AND DIAGRAMS <sup>AND</sup> NEARLY EIGHT THOUSAND ILLUSTRATIONS

V. 5

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# EXPLANATORY.

In this work each WORD in the vocabulary is first given in its current form of spelling and pronunciation, and then are given the various forms of orthography which the word has successively assumed from its first appearance in the language, those forms which have become obsolete being marked with an asterisk (\*).

The various GRAMMATICAL PARTS OF SPEECH in which a word occurs are grouped under one heading, with DEFINITIONS OF EACH PART, illustrated by QUOTATIONS, and each word is considered and defined with reference to every part of speech in which it can be properly used, and also with reference to the various meanings it has assumed during the growth of the language. Then follows a complete list of idiomatic and other PHRASES which have acquired a special meaning foreign to the individual significance of the words which compose them, all duly arranged under their proper parts of speech.

COMPOUND WORDS in which complete adhesion has taken place between the two or more constituents have been arranged as independent words; while those still so loosely united as to be usually connected by hyphens have been placed under the first word of the compound, and instead of being bunched under one heading, as in other dictionaries, are given in their regular alphabetical order in the vocabulary. This arrangement insures easy reference, prevents confusion of etymologies, and permits complete definitions. For example, after ELECTRO—seventy-nine compound words, beginning with ELECTRO-BALLISTIC and ending with ELECTRO-VOLTAIC, are given and defined before the word ELECTROCUTE occurs in the vocabulary. If it were not for this plan of having the compound words immediately follow the first word of their compound, the word ELECTROCUTE would appear just after ELECTRO-COPPER and just before ELECTRO-DEPOSIT.

THE PRONUNCIATION is indicated by diacritical marks, a key to which will be found at the foot of the several pages. The division into syllables has been made solely with reference to pronunciation, and with no reference to the etymology of the word. In syllables wherein two or more vowels come together, not forming diphthongs, only that one of them which gives its sound to the syllable bears a diacritical mark, the others being treated as mute. Thus, in bréad, sêa, fîât, the *a* is mute, the syllables being pronounced as if spelled brêd, sê, fîât. Words of more than one syllable bear a mark upon the accented syllable, as âl-têr.

THE ETYMOLOGY will be found enclosed within brackets immediately following each word. To understand the plan adopted, let it be noted (1) that retrogression is made from modern languages to ancient; and (2) that when after a word there appears such a derivation as this—"In Fr. . . Sp. . . Port. . . Ital. . . from Lat. . ." the meaning is, not that it passed through Italian, Portuguese, Spanish and French before reaching English, but that there are or have been analogous words in French, Spanish, Portuguese and Italian, all derived, like the English, from a Latin original.

## LIST OF ABBREVIATIONS USED IN THIS WORK.

A. N. Anglo-Norman.  
Arab. Arabic.  
Aram. Aramaic.  
Arm. Armorian.  
A. S. Anglo-Saxon.  
Assyr. Assyrian.  
Bohe. Bohemian, or Czech.  
Bret. Bas-Breton, or Celtic of Brittany.  
Celt. Celtic.  
Chal. Chaldean.  
Dan. Danish.  
Dut. Dutch.  
E. Eastern, or East.  
E. Aram. East Aramaean, generally called Chaldean.  
Eng. English, or England.  
Eth. Ethiopic.  
Flem. Flemish.  
Fr. French.  
Fries. Friesland.  
Fris. Frisian.  
Gael. Gaelic.  
Ger. German.  
Goth. Gothic.  
Gr. Greek.  
Gris. Language of the Grisons.  
Heb. Hebrew.  
Hind. Hindustani.  
Icel. Icelandic.  
Ir. Irish.  
Ital. Italian.  
Lat. Latin.  
Lett. Lettish, Lettonian.  
L. Ger. Low German, or Platt Deutsch.  
Lith. Lithuanian.  
Mediæv. Lat. Mediæval Latin.  
Mag. Magyar.  
M. H. Ger. Middle High German.  
Mid. Lat. Latin of the Middle Ages.  
N. New.  
N. H. Ger. New High German.  
Norm. Norman.  
Norw. Norwegian, Norse.  
O. Old.  
O. H. Ger. Old High German.  
O. S. Old Saxon.  
Pers. Persian.  
Phœnic. Phœnician.  
Pol. Polish.  
Port. Portuguese.  
Prov. Provencal.  
Provinc. Provincial.  
Russ. Russian.  
Rabb. Rabbinical.  
Sam. Samaritan.  
Sansk. Sanscrit.  
Serv. Servian.

Slav. Slavonic.  
Sp. Spanish.  
Sw. Swedish.  
Syr. Syriac.  
Taut. Teutonic.  
Turk. Turkish.  
Walach. Walachian.  
Wel. Welsh.  
  
a., or adj. adjective.  
adv. adverb.  
art. article.  
conj. conjunction.  
interj. interjection.  
particip. participial.  
pa. par. past participle.  
pr. par. present participle.  
prep. preposition.  
pro. pronoun.  
s., subst., or substan. substantive, or noun.  
v. i. verb intransitive.  
v. t. verb transitive.  
  
ablat. ablative.  
accus. accusative.  
agric. agriculture.  
alg. algebra.  
anat. anatomy.  
antiq. antiquities.  
aor. aorist.  
approx. approximate, -ly.  
arch. architecture.  
archæol. archæology.  
arith. arithmetic.  
astrol. astrology.  
astron. astronomy.  
auxil. auxiliary.  
Bib. Bible or Biblical.  
biol. biology.  
bot. botany.  
carp. carpentry.  
Cent. Centigrade.  
class. classical.  
Ch. hist. Church history.  
cf. compare.  
C. G. S. Centimetre-gramme-second.  
chem. chemistry.  
chron. chronology.  
cogn. cognate.  
comm. commerce.  
comp. comparative.  
compos. composition.  
conchol. conchology.  
contr. contracted, or contraction.  
crystallog. crystallography.  
def. definition.

der. derived, derivation.  
dimin. diminutive.  
dram. dramatically.  
dynam. dynamics.  
E. East.  
eccles. ecclesiastical.  
econ. economy.  
e. g. *exempli gratia*=for example.  
elect. electricity.  
entom. entomology.  
etym. etymology.  
ex. example.  
f., or fem. feminine.  
fig. figurative, figuratively.  
fort. fortification.  
freq. frequentative.  
fr. from.  
fut. future.  
gen. general, generally.  
gend. gender.  
genit. genitive.  
geog. geography.  
geol. geology.  
geom. geometry.  
gram. grammar.  
her. heraldry.  
hist. history.  
hor. horology.  
hortic. horticulture.  
hydraul. hydraulics.  
hydros. hydrostatics.  
i. e. *id est*=that is.  
ichthy. ichthyology.  
*Ibid.* *ibidem*=the same.  
imp. impersonal.  
imper. imperative.  
indic. indicative.  
infin. infinitive.  
intens. intensive.  
lang. language.  
Linn. Linnæus.  
lit. literal, literally.  
mach. machinery.  
m., or masc. masculine.  
math. mathematics.  
mech. mechanics.  
med. medicine, medical.  
met. metaphorically.  
metal. metallurgy.  
metaph. metaphysics.  
meteorol. meteorology.  
meton. metonymy.  
mil., milit. military.  
min., miner. mineralogy.  
mod. modern.  
myth. mythology.  
N. North.  
n., or neut. neuter.  
nat. phil. natural philosophy.

naut. nautical.  
nomin. nominative.  
numis. numismatology.  
obj. objective.  
obs. obsolete.  
ord. ordinary.  
ornith. ornithology.  
palæont. palæontology.  
pass. passive.  
path. pathology.  
perf. perfect.  
pers. person, personal.  
persp. perspective.  
phar. pharmacy.  
phil. philosophy.  
philol. philology.  
phot. photography.  
phren. phrenology.  
phys. physiology.  
pl., plur. plural.  
poet. poetry, or poetical.  
polit. econ. political economy.  
poss. possessive.  
pref. prefix.  
pres. present.  
pret. preterit.  
prim. primary.  
priv. privative.  
prob. probable, probably.  
pron. pronounced, pronunciation.  
pros. prosody.  
psychol. psychology.  
pyrotech. pyrotechnics.  
q. v. *quod vide*=which see.  
rhet. rhetoric.  
Scrip. Scripture.  
sculp. sculpture.  
sing. singular.  
S. South.  
sp. gr. specific gravity.  
spec. special, specially.  
suff. suffix.  
sup. supine.  
surg. surgery.  
tech. technical.  
theol. theology.  
trig. trigonometry.  
typos. typography.  
var. variety.  
viz. namely.  
W. West.  
zool. zoology.

\* Obsolete words.  
† Words rarely used.  
= Equivalent to, or signifying.  
‡ Nota bene=take notice.



**gär'-ru-loüs-lý, adv.** [Eng. *garrulous*; -ly.] In a garrulous, talkative, or loquacious manner; loquaciously, talkatively.

**gär'-ru-loüs-nëss, s.** [Eng. *garrulous*; -ness.] The quality or state of being garrulous; loquacity, garrulity.

**gär'-ru-lüs, s.** [Lat.=chattering, prattling.] *Ornith.*: The type of the sub-family Garrulines (q. v.). *Garrulus glandarius* is the Jay (q. v.).

**gär'-rū-pā, s.** [Fr. & Port. *garupa*=crupper.] *Zool.*: A species of fish frequenting the waters off the South Pacific. Caught in large quantities off the coast of California.

**gär'-rý-a, s.** [Named after Nicholas Garry, secretary of the Hudson's Bay Company.]

*Bot.*: The typical genus of the order Garryaceæ (q. v.). It contains two ornamental shrubs, *Garrya elliptica*, from North California, and *G. laurifolia*, from Mexico.

**gär'-rý-ä-çë-s, s. pl.** [Mod. Lat. *garry* (a), and Lat. fem. pl. adj. suff. -acëa.]

*Bot.*: Garryads. A genus of Diclinal Exogens, alliance Garryales, of which it is the type. It consists of shrubs having opposite, exstipulate leaves, and flowers arranged in pendulous amentaceous racemes, within connate bracts. Wood without concentric zones or dotted ducts; flowers unisexual amentaceous; male flower sepals, four; stamens, four, alternate, with the sepals inelastic; female flower calyx, superior two-toothed; ovary, one-celled style, two setaceous; ovules two, pendulous, with long funiculi; pericarp indehiscent, consisting of a two-seeded berry. Known genera, two; species, six. (Lindley.)

**gär'-rý-ädg, s. pl.** [Mod. Lat. *garry* (a); -ada.] *Bot.*: The name given by Lindley to the order Garryaceæ (q. v.).

**gär'-rý-äl, a.** [Mod. Lat. *garry* (a); -al.] *Bot.*: Pertaining to Garrya, or the Garryaceæ (q. v.), as the *Garryal* Alliance.

**gär'-rý-ä-lëg, s. pl.** [Mod. Lat. *garry* (a); Lat. masc. or fem. suff. -ales.]

*Bot.*: An alliance of Diclinal Exogens, having monochlamydeous, sometimes amentaceous, flowers, inferior fruit, and a minute embryo lying in a quantity of albumen. Orders, Garryaceæ and Helwingiaceæ (q. v.).

**\*garse, \*gaar-cyn, v. t.** [O. Fr. *garser*.] To bleed.

**\*garse, \*gaarce, \*garce, \*gerse, s.** [Low Lat. *garsa*.] [GASH, s.]

1. A cut, a gash.  
"A garse or gash, incitura."—Levinus; Mantip. Vocabulorum.

2. The act of bleeding.  
**\*gar-son, s.** [Fr. *garçon*=a boy, a servant.] A menial servant. (Toland.)

**\*gar-süm, \*gar-sümme, \*ger-some, s.** [A. S. *gæsum*=treasure; Icel. *gersemi*.]  
1. Treasure, valuables, property.

"He us yeu . . . gold and garsume."  
Layamon, l. 40.  
2. An earnest penny; a fine on entering into a tenancy.

**gar'-ten, s.** [GARTER.]

**gar'-tër, s.** [O. Fr. *gartier, fartier*, from O. Fr. *garret*; Fr. *farret*=the ham of the leg, from Bret. *gar, garr*=the shank of the leg; Ir. *cara*=the leg; Wel. & Corn. *gar*; Fr. *jarretière*; Sp. *jarretera*.] [GARTOTE, s.]

1. Ordinary Language:  
1. A string or ribbon by which a stocking is held upon the leg.

"Let their heads be sleekly combed, their blue coats brushed, and their garters of an indifferent knit."—Shakespeare: *Taming of the Shrew*, iv. 1.

2. In the same sense as II. 3 (2).

3. The badge of the Order of the Garter.  
"The garter, blemished, pawned his knightly virtue."  
Shakespeare: *Richard III.*, iv. 2.

II. Technically:

1. *Carp.*: A semicircular plate, acting as a key, which passes through a slot in the wooden jaw of a bench-vice, and enters an annular groove in the cylindrical neck of the bench-screw, so that when the latter is unscrewed it brings out the jaw.

2. *Circus* (pl.): The tapes held up for a performer to leap over.

3. *Heraldry*:  
(1) The same as ¶ (1).  
(2) The Order of the Garter. [¶ (2).]  
(3) The half of a bend.

¶ (1) *Garter King-at-Arms*: The principal King-at-Arms in England, by whom arms are granted and confirmed under the authority of the Earl Marshal. [EARL MARSHAL.] His duties are to attend upon the Knights of the Garter at their installation and

other solemnities; to intimate their election; to suspend their banners over their stalls in St. George's Chapel at Windsor; to superintend and marshal their processions, &c. The office was created by Henry V. in 1420.

(2) *The Most Noble Order of the Garter*: The most illustrious Order of British Knighthood, instituted at Windsor by Edward III., about August, 1348.

The Order consists of the Sovereign and twenty-five companions, of whom the Prince of Wales is always one. Recent statutes provide for the admission of foreign Sovereigns. Knights are distinguished by the initials K. G. after their names, which take precedence of all other titles except those of royalty. The stalls of the knights are in St. George's Chapel, Windsor Castle. The insignia of the Order and the Garter, with the motto, *Honi soit qui mal y pense* (Dishonor to him who thinks ill of it), the star of eight points, inclosing the cross of St. George, the collar, and the lesser George or jewel, added by Henry VIII. The ribbon, originally black, was changed to sky-blue by Elizabeth, and at the accession of the House regnant, the present dark blue ribbon, from which the jewel is worn pendent, was adopted. (English.)

**gar'-tër, v. t.** [GARTER, s.]  
1. To fasten or tie up with a garter.

"He being in love, could not see to garter his hose; and you, being in love, cannot see to put on your hose."—Shakespeare: *Two Gentlemen of Verona*, II. 1.

2. To invest with the Order of the Garter.

"Brydges' wide-wasting hand, first gartered knight."  
J. Phillips: *Cider*, I.

**gar'-tër-fish, s.** [Eng. *garter*, and *fish*.]  
*Ichthy.*: The Scabbard-fish, *Lepidopus argyreus*. [LEPIDOPUS.] It belongs to the Cepolidae or Ribbon-shaped family of Fishes.

**gar'-tër-lîng, pr. par., a. & s.** [GARTER, v.]

A. *As pr. par.*: (See the verb.)

B. *As adj.*: Of or belonging to the garter.

C. *As subst.*: The act of tying with a garter.

"Where to should I disclose  
The gartering of her hose."  
Skelton: *Boke of Philip Sparrow*.

**gar'-tër-snäke, s.** [Eng. *garter*, and *snake*.]  
*Zool.*: The Snake genus *Eutania*. There are two species, *Eutania sirtalis* and *E. ordinata*, the latter in the Southern States, the other more widely diffused over the Union. Their bite is not venomous.

**garth** (1), s. [Icel. *garðr*=an inclosure.]

\*1. A close, a croft, a garden, an inclosure.

"The garth eke closed is in dyvers wyse."—Palladius: *Husbandrie*, I. 788.

\*2. The grass area between or within the cloisters of a religious house.

3. A dam or weir in a river for catching fish.

**garth** (2), \*garthe, \*gerth, s. [Icel. *gjörð*.] A band or girth. [GIRTH.]

**garth'-män, s.** [Eng. *garth* (1), and *man*.] The owner of a garth or weir for catching fish.

**gär'-üm, s.** [Lat.] A kind of fish-sauce, prepared from several kinds of fish, particularly the scomber, but formerly from the garus; a pickle made of the gills and blood of the tunny.

**gar'-viö, gar'-viö-hër-rîng, s.** [Etym. doubtful.] The name in Scotland for the Sprat (q. v.).

"They are often very successful in taking the smaller fish, such as herrings, garties, or sprats, sparlings or smelts."—P. Allott: *Statist. Acc.*, viii. 597.

**gäs, s. & a.** [Dut. *gas*=a word introduced by the Flemish chemist, Van Helmont, who was born in A. D. 1577. Cf. Dut. *geest*=spirit.] [GHOST.]

A. *As substantive*:

1. Ordinary Language:

1. *Lit.*: In the same sense as II. 2.

2. *Fig.*: Empty talk; froth.

II. Technically:

1. *Chem.*: A gas is a substance possessing the condition of perfect fluid elasticity, and presenting under a constant pressure a uniform rate of expansion for equal increments of temperature, but when gases reach their maximum densities they behave like vapors. All gases can be condensed into liquids by cold and pressure. Some of the elements, as oxygen, hydrogen, nitrogen, chlorine, and probably



Star and Jewel of the Order of the Garter.

fluorine, are gases at ordinary temperatures. Atmospheric air is a mechanical mixture of 77 parts by weight of nitrogen, and 23 of oxygen, or 79 volumes of nitrogen mixed with 21 volumes of oxygen. Gases are formed by the dry distillation of animal and vegetable substances, which yield carbon dioxide, carbon monoxide, ammonia, nitrogen, hydrogen, sulphur dioxide, hydrogen sulphide, and hydrocarbons. Gases as carbon dioxide and hydrogen sulphide are given off during putrefaction; carbon dioxide during fermentation. Ordinary gas used for burning, &c., is prepared by the dry distillation of coal. [COAL-GAS.] Gases are prepared in the wet way by the action of mineral acids on different substances. The resulting gases may be collected: (1) by reception in an exhausted vessel; (2) by displacement of air, the delivery tube proceeding from the generating vessel is made to pass down to the bottom of the receiver placed with its mouth upward; this method is used for gases which are heavier than air, and are dissolved by water, as chlorine, &c.; (3) collection over liquids, generally mercury, or water; a jar or bottle is filled with the liquid and inverted over a trough filled with the same liquid, and the end of the delivery tube proceeding from the gas-generating apparatus is inserted beneath the mouth of the jar, so that the gas may rise in bubbles through the liquid, displace it, and so fill the vessel with gas. Gases are absorbed by liquids in some cases, the gas forming a chemical compound with the liquid, in other cases the gas has no chemical action on the liquid. Generally the amount of gas absorbed in the latter case decreases with increase of temperature, and the weight of gas absorbed varies directly as the pressure. Charcoal has the property of absorbing many gases, especially ammonia, hydrochloric acid, sulphuretted hydrogen, and sulphurous acid. The specific gravities of elementary bodies in the gaseous state, are for the most part in the same ratio as their atomic weights, but the specific gravities of phosphorous and arsenic are twice as heavy, and mercury and cadmium only half as heavy as their atomic weights. The specific gravity of any compound gas or vapor, referred to hydrogen as unity, is equal to half its molecular weight.

2. *Comm.*: The gas of commerce is carburetted hydrogen (CH<sub>4</sub>). Its frequent disengagement in coal mines with resultant explosions, generally fatal to many lives, has caused the miners to give it the name of "fire-damp." In parts of the world it issues from crevices or holes in the strata in so moderate and continuous a stream, as to burn with a huge jet instead of exploding. This phenomenon is seen in China, in Baku on the Caspian, where a fire temple is reared with officiating priests of the Parsee faith, who regard the flame as a symbol of the divinity. It has recently been discovered in this country, and is known as Natural Gas. Gas wells abound in Ohio, Indiana, Pennsylvania, and Southern Illinois. This natural gas serves the purposes of illuminating and heating; it is coming more and more into common use. It is conveyed in pipes from the wells to several large cities, including Pittsburg, Toledo, Detroit, Indianapolis, Chicago, etc. The ignition of carburetted hydrogen may be seen in any coal fire. It has recently been discovered that giant jets of apparently similar gas flames exist in the sun, and are one main source of its light and heat.

The manufacture of gas is not difficult. Only two processes are required; to make or evolve it through the distillation of coal, and then to purify it from tar, ammonia, and sulphur. The chief series of apparatus required for these purposes are the Gas-retort, the Gas-condenser, the Gas-washer, and the Gas-purifier.

B. *As adj.*: In any way pertaining or relating to or worked by gas.

**gas-alarm, s.** [GASOSCOPE.]

**gas-apparatus, s.** Apparatus for the manufacture or preparation of various gases.

**gas-bath, s.** A bath heated by gas.

**gas-battery, s.** A form of voltaic battery in which gases, more particularly oxygen and hydrogen, are the active agents.

**gas-blowpipe, s.** A form of blowpipe designed to be attached to a gas-pipe, for using gas instead of oil or alcohol. The atmospheric air is driven through the center tube, adding force and giving a cylindrical form to the flame, which issues at an annular opening.

**gas-bracket, s.** A branch proceeding from a wall and having on its end a burner or burners.

**gas-burner, s.** The jet-piece at which the gas issues. It consists of a slit or of a number of orifices disposed so as to produce the shape of flame required. The fish-tail flame is made by two oblique orifices at an angle of about 60°, so as to cause the jets to cross each other; the object is divergence, to spread the gas and bring the carburetted hydrogen in contact with the air. [ARGAND.]

böil, böy; pöüt, jöwl; cat, çell, chorus, qhîn, bench; go, gem; thin, this; sin, aq; expect, Xenophon, exist. ph = f.  
-cian, -tian = shân. -tion, -sion = shûn; -tion, -sion = shûn. -tious, -cious, -sious = shûs. -ble, -dle, &c. = bel, del.

**gas-check, s.** [GAS-RING.]

**gas-coal, s.** Any coal, as cannel-coal, used for manufacturing gas.

**gas-company, s.** A joint-stock company formed to supply gas to the inhabitants of a certain district, at certain prices per 1,000 feet.

**gas-condenser, s.** The second in the series of apparatus in the manufacture of gas, consisting of a series of convoluted pipes, surrounded by water. The gas from the retorts is passed through the condenser to rid it of the tar. The condenser gathers about eight or ten gallons of tar from the gas produced by about 2,000 pounds of coal.

**gas-engine, s.** A kind of engine in which the motion of the piston is caused by the combustion or sudden production or expansion of gas mixed with air in a closed cylinder.

**gas-fitter, s.** A workman who lays the pipes and puts up fixtures for gas.

**Gas-fitter's gauge:** An arrangement by which the tightness of the joints in a line of pipes is ascertained. The pipes being filled with air by a pump, the pressure gauge in connection therewith remains stationary if the joints are perfect. If the gauge fall, either may be admitted to the interior and the escape detected by a torch.

**gas-fittings, s. pl.** The appliances needed for the introduction of gas into a building, such as pipes, jets, burners, meters, &c.

**gas-fixture, s.** A gas-bracket, a gaselier.

**gas-furnace, s.**

1. A small furnace, much employed for laboratory purposes, and which is so arranged as to receive the maximum heating powers of the gas without regard to its illuminating purposes. Various forms have been contrived.

2. A furnace of which the fuel is gas from burners suitably disposed in the chamber for the purpose required. Steam-boilers and metallurgic furnaces are sometimes heated in this manner.

**gas-gauge, s.** An instrument for ascertaining the pressure of gas. A bent graduated tube containing water or mercury, open at one end and with the other screwed into the vessel containing the gas.

**gas-generator, s.** A chamber in which gas is evolved. The term includes: the retort in which volatile hydrocarbons are evolved by heat, as in the ordinary gas apparatus; the machine in which air is saturated with the vapor of liquid hydrocarbon; and the machines in which carbonic-acid gas is evolved for abrading water or other purposes.

**gas-governor, s.** A small gas-holder into which the gas enters, and from which it is passed to the mains with a regulated pressure. The velocity of gas in the mains increases in the ratio of the square root of the pressure, so that by adding to this it may either be driven more rapidly or to a greater distance.

**gas-heater, s.** An apparatus contrived for the application of gas to specific purposes of heating.

**gas-indicator, s.** An instrument connected to the main pipe, which indicates by the rising and falling of a spring piston, or a weighted gas-holder, the pressure of gas in the pipe.

**gas-jet, s.**

1. A jet or spout of flame issuing from a gas-burner.

2. A gas-burner.

**gas-lamp, s.** A lamp, the light of which is furnished by gas, as a street lamp.

**gas-lantern, s.** A frame of glass for inclosing one or more gas-burners.

**gas-liquor, s.** An ammoniacal liquor extracted from coal in the distillation of gas. Eight or ten gallons of ammoniacal liquor are extracted from the gas produced from 2,000 pounds of coal, and it is treated by manufacturing chemists, who extract about fourteen ounces of sulphate of ammonia from one gallon of the liquor. A larger yield of ammonia is obtained by adding a small quantity of lime to the coal before it is distilled.

**gas-main, s.** A principal gas-pipe leading from the works, and having branches and distributing pipes. Gas mains are laid in sections, the small end of one entering the wide socket of the adjacent section. A packing of hemp dipped in tar is driven in to form a joint; over this is a luting of clay, within which is poured hot lead. The mains are laid with a gradual slope, and at the foot of each incline, or where two descending slopes meet, a reservoir is formed to collect water of condensation. This chamber has an iron cover into which is fixed a pipe, which descends nearly to the bottom of the reservoir. At the summit of the pipe is a screw, which admits the attachment of a pump, by which the liquid in the reservoir is removed.

**gas-meter, s.** A machine for measuring the quantity of gas passing through it. Citizen Seguin described a gas-meter at the sitting of the National Institute of France, on October 6, 1797. The wet-meter was invented by Clegg, in 1807, and improved by Croxley in 1815. The dry-meter was invented by Malam in 1820, and improved by Defries in 1838. Many improvements and variations have been added since.

**gas-oven, s.**

**Metall.:** The oven in which the waste gases taken from the top of the blast furnace are employed for heating the air for the blast.

**gas-pipe, s.** A pipe for the conveyance and distribution of gas. Service-pipes are of various metals, wrought-iron tubing being now more common than any other. The sections of distributing-pipe have screw-socket couplings. A gas-pipe made of brass or copper is liable to have a deposit of a compound of acetylene ( $C_2H_2$ ) with copper formed in it. This explodes when heated.

**Gas-pipe tongs:** [GAS-TONGS.]

**gas-puddling, s.**

**Iron-works:** The puddling of iron by the use of gases instead of solid fuel.

**gas-purifier, s.** An apparatus in which gas is purified of its sulphur compounds. The purification of gas by passing it through lime-water was introduced in 1807. The ordinary illuminating gas, after having been evolved in the retort, its tar eliminated in the condenser, and its ammonia extracted in the washer, is passed through the purifier, which removes the sulphur and renders the gas fit for consumption.

**gas-register, subst.** An instrument by which the pressure of gas is indicated and recorded. The rate of pressure is not uniform, but varies with the season and the hour. An ordinary pressure during the day is  $\frac{1}{8}$  of an inch; that is a pressure which will raise a column of water in a tube to that height. At night the pressure is increased according to the hour and the season; the quantity burnt in winter is double that consumed in summer; more gas is burning at 9 P. M. than at 12 P. M.; and more at the latter hour than at 3 A. M.

**gas-regulator, s.** A device to equalize the flow of gas, notwithstanding varying pressure in the main, and the variations produced by the turning on or shutting off gas to or from burners in a building.

**gas-retort, s.** The chamber in which carbonaceous matter is distilled to produce illuminating gas. Gas-retorts are made of iron or clay, and each in shape is a segment of a cylinder, the flat side forming the floor. These are set in a brick furnace, with their open ends presented outward ready for charging.

**Gas-retort charger:** An apparatus for introducing the charge of coal into a retort, or removing the coke therefrom. [STEAM-STOKER.]

**gas-ring, s.**

**Ordnance:**

1. A thin plate of steel or copper, perforated to the exact size of the caliber of the gun, and used as a face-plate to the breech-block in Sharp's breech-loading rifle, and Broadwell's breech-loading ordnance, adopted by the Prussian Government. The breech-block is chambered out larger than the hole in the plate, so that the gas from the explosion of a charge flies back into the chamber and presses the plate or ring forward against the breech of the gun; a gas-check.

2. A thin flanged plate of copper or gun-metal fixed to the base of a projectile to prevent the escape of gas forward, and serving also to rotate the shot. (Boyle.)

**gas-service, s.** Gas-fittings or fixtures; pipes, burners, &c., for gas.

**gas-socket, s.** The metallic socket which slips over the tip of a burner, and connects the gas-tubing therewith.

**gas-stove, s.** A stove heated by gas for cooking or warming purposes.

**gas-tank, s.** A gasometer or gasholder.

**gas-tar, s.** The tar condensed in the tubes when gas is distilled from coal; commonly called coal-tar. Of late years it has been found that the tarry products of gas manufacture are of the highest value; from these hydrocarbons many artificial fruit essences are prepared, and they are the source of all those beautiful dyes, mauve, magenta, and others grouped under the general term of aniline colors. [ANILINE, COAL-TAR.]

**gas-tight, s.** Sufficiently tight or close to prevent the escape of gas.

**gas-tongs, s. pl.** Tongs for pinching gaspipes, holding them while screwing joints together, or screwing gas-burners into their sockets.

**gas-washer, s.** An apparatus which receives the gas from the condenser. The office of the washer is to remove the ammonia, which affects the quality of the gas and is otherwise injurious.

**gas-water, s.** Water through which gas has been passed to purify it.

**gas-well, s.** A bored well from which natural gas is discharged.

**gas-works, s. pl.** A manufactory where gas is distilled for illuminating purposes.

**gas, v. t. & i.** [GAS, s.]

**A. Transitive:**

**Cotton-manuf.:** To burn or singe off the divergent fibers or fluff from yarn. [GASSING.]

**B. Intrans.:** To make use of empty talk; to froth.

**gäs-a-liër, s.** [GASELIER.]

**Gäs-coh, a. & s.** [Fr.]

**A. As adj.:** Of or pertaining to Gascony.

**B. As substantive:**

1. A native or inhabitant of Gascony.

2. A boaster; a gasconader.

**gäs-cön-a-de, s.** [Fr. *gasconade*, from *Gascón* = an inhabitant of Gascony, a district the inhabitants of which had the reputation of being great boasters and blusterers.] A boast or boasting; bravado, bluster, vaunting, bragging.

"I tell you, without any *gasconade*, that I had rather be banished for my whole life."—*Bolingbroke: Letter to the Earl of Peterborough.*

**gäs-cön-a-de, v. i.** [GASCONADE, s.] To boast, to brag, to bluster.

**gäs-cön-äd-ër, s.** [Eng. *gasconad(e)*; -er.] One who gasconades; a boaster, a gasconader, a blusterer.

**gäs-crömh, s.** [Gael. *cascrómh*, from *cas* = a foot, *cróm* = crooked.] An instrument of a semi-circular form, resembling a currier's knife, with a crooked handle fixed in the middle, used for trenching ground; properly *Cascromh*.

"Even the savage Highlandmen, in Caithness and Sutherland, can make more work, and better, with their *gasromh*, or whatever they call it."—*Scott: Pirate*, ch. ii.

**gäs-ö-fi-cä-tion, s.** [GASIFICATION.]

**gäs-ö-fy, v. t.** [GASIFY.]

**gäs-ö-l-ty, s.** [English *gase(ous)*; -ity.] The quality or state of being gaseous; gaseousness.

**gäs-ö-liër, gäs-a-liër, s.** [Formed from *gas*, with a curious imitation of *chandelier* (q. v.).] A frame with brackets or branches for burning gas, or a chandelier for candles.

"Standing right under the central *gaselier*."—*Black: Adventures of a Phaeton*, ch. iii.

**gä-gö-ös, a.** [Eng. *gas*; e connect.; -ous.]

1. **Lit.:** Of the nature of gas; in the form of gas.

"The substance employed, whether it be fluid, *gaseous*, elastic, electrical, or none of these, or nothing resembling these, is unknown to us."—*Foley: Natural Theology*, ch. vii.

\*2. **Fig.:** Without substance or reality; unreal, flimsy, empty.

**gä-gö-ös-nëss, s.** [Eng. *gaseous*; -ness.] The quality or state of being gaseous; gaseity.

**gäsh (1), v. t.** [Mid. Eng. *garse*.] [GASH, s.] To make a gash or deep, wide, gaping cut in, especially in flesh.

"Gash thyself, priest, and honor thy brute Baal."

*Tennyson: Aymer's Field*, 644.

**gäsh (2), v. t.** [Etym. doubtful.] To talk a great deal; to chatter, to prattle, to gossip.

"The country cracks begin when supper's o'er,  
The cheering supper gars them glibly *gash*."  
*Fergusson: Poems*, ii. 56.

**gäsh (3), v. i.** [Fr. *gauche* = awry; Ger. *gösche* = grinning or opening the mouth in scorn.]

1. To project the under jaw.

2. To distort the mouth in contempt.

**gäsh (1), s.** [A corrupt. of Mid. Eng. *garse*, *gurshe*, or *garsh*.] [GARSE.]

1. A deep and wide cut or wound, especially in flesh.

"The uproar, the blood, the *gashes*, the ghastly figures which sank down and never rose again, spread horror and dismay through the town."—*Macaulay: Hist. Eng.*, ch. v.

\*2. A mark or scar of a wound.

"I was fond of back-sword and cudgel-play, and I now bear in my body many a black and blue *gash* and scar."—*Arbuthnot*.

**gäsh (2), s.** [GASH, (2), v.]

1. Prattle, chatter, talkativeness.

2. Pert language.

**gäsh (3), s.** [Etym. doubtful.] A projection of the under jaw.

fäte, fät, färe, amidst, whät, fäll, father; wé, wét, hère, camél, hër, thère; pine, plt, sîre, sîr, marine; gö, pöt, or. wöre, wolf, wörk, whö, sön; müte, cüb, cüre, unite, cür, rüle, füll; try, sÿrian. æ, œ = ē; ey = ä. qu = kw.

# EXHIBIT C

100.12

# FIFTH ANNUAL REPORT OF THE BOARD

— — —

BOARD OF PUBLIC UTILITIES  
LOS ANGELES, CALIFORNIA

— — —

JULY 1, 1913—JUNE 30, 1914

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TO THE HONORABLE CITY COUNCIL,

Los Angeles, California.

Gentlemen :

We herewith transmit in accordance with the provisions of Article XV, Section 155, Paragraph 6, of the City Charter, as amended and approved by the State Legislature March 25, 1911, the Fifth Annual Report of the Board of Public Utilities.

This report covers the transactions of the Board for the fiscal year beginning July 1st, 1913, and closing June 30, 1914.

Much general data which has been printed in previous reports which applies to present conditions has been omitted.

Respectfully,

BOARD OF PUBLIC UTILITIES,

Augustine W. Wright, President.

Commissioners :

Augustine W. Wright,  
Martin Bekins,  
Robt. E. Wirsching.

## Personnel of Board of Public Utilities

Augustine W. Wright, President.  
Martin Bekins, Commissioner.  
Robert E. Wirsching, Commissioner.  
Herbert S. Payne, Secretary.  
Jas. E. Barker, Chief Engineer Utilities Dept.  
Chas. K. Mohler, Chief Engineer Railway Dept.  
Wm. H. Park, Accountant.  
Geo. L. Davenport, Asst. Engineer Railway Dept.  
Fred A. Lorentz, Asst. Engineer Utilities Dept.  
F. Curt Miller, Asst. Engineer Utilities Dept.  
C. A. Rowley, Asst. Engineer Railway Dept.  
Delos R. Ashley, Computer.  
Fred H. DeBlois, Computer.  
Austin E. Longcroft, Computer.  
C. M. Gwendolyn Georges, Stenographer.  
Emma M. Helmstedter, Stenographer.  
L. B. Sherman, Stenographer.

# FIFTH ANNUAL REPORT

## SECTION I

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### GENERAL

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#### INTRODUCTION

The 5th Annual Report of the Board of Public Utilities of the City of Los Angeles is published herewith in compliance with Article XV of the Charter Amendments. The period covered by the Report is the fiscal year beginning July 1, 1913, and closing June 30, 1914.

The Report is intended to show the entire field of endeavor of the Board, without incumbering same with foreign issues, which, while having some bearing on our labors, are only indirectly connected therewith.

It is divided into eight general sections, each of which deals with a particular branch of work.

**Section I** in general deals with the action of the Commission on various cases, and rulings in special instances.

**Section II** deals with the Electric Utilities. In this is given data concerning local conditions and statistics on the same utilities elsewhere throughout the United States.

**Section III to VI** inclusive, deal with Gas, Telephones, Transportation and Water respectively, as outlined for electricity in Section II.

**Sections VII and VIII** include miscellaneous work such as handling complaints against utilities for lack of service, overcharges, etc.

#### ORGANIZATION OF BOARD

The Commission is composed of a President, two Commissioners, and a Secretary. The Engineering staff under it is divided into two departments, viz.: the Utilities Department and the Street Railway Department.



## SECTION III

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### Gas Utilities

Gas is served in Los Angeles by four companies, the Los Angeles Gas and Electric Corporation, Southern California Gas Company, Economic Gas Co., and the Southern California Edison Company.

The Los Angeles Gas and Electric Company serves about 80 per cent of all the gas consumed in Los Angeles, and in addition, supplies gas to Pasadena and other outlying cities.

The Southern California Gas Company serves gas in Glendale, Tropic. and Torrance, and wholesales to the other companies operating in Los Angeles, Long Beach, Redondo, Venice, Ocean Park, Sawtelle, and Santa Monica.

The Economic Gas Company operates entirely within the city of Los Angeles. It has its own generating plant, but is now purchasing gas from the Southern California Gas Company.

The Southern California Edison Company operates a gas system in that portion of the City which was Wilmington and San Pedro before annexation. It has a generating plant there and its system has no direct physical connection with the other systems except through the system of the Long Beach Consolidated Gas Company of Long Beach. The conditions relating to investment, operating expenses, volume of consumption, etc., are quite different from those obtaining in the remainder of the City and requires a different rate for gas than that charged by the other companies.

Until July 17, 1913, the only gas supplied by the four companies was manufactured gas, being either straight crude oil gas or an oil gas mixed with water gas made from the carbon residue from the oil gas process. This gas contained about 625 British Thermal Units, or heat units, the City Ordinance requiring a minimum of 600 B.T.U.

Natural gas is brought almost to the City limits of Los Angeles from the Midway gas fields, in the Buena Vista Hills, near Taft, California, by the Midway Gas Company, a distance of about 120 miles from Los Angeles. Gas is gathered from a number of wells, the gathering lines discharging into a transmission line composed of 12-inch steel tubing.

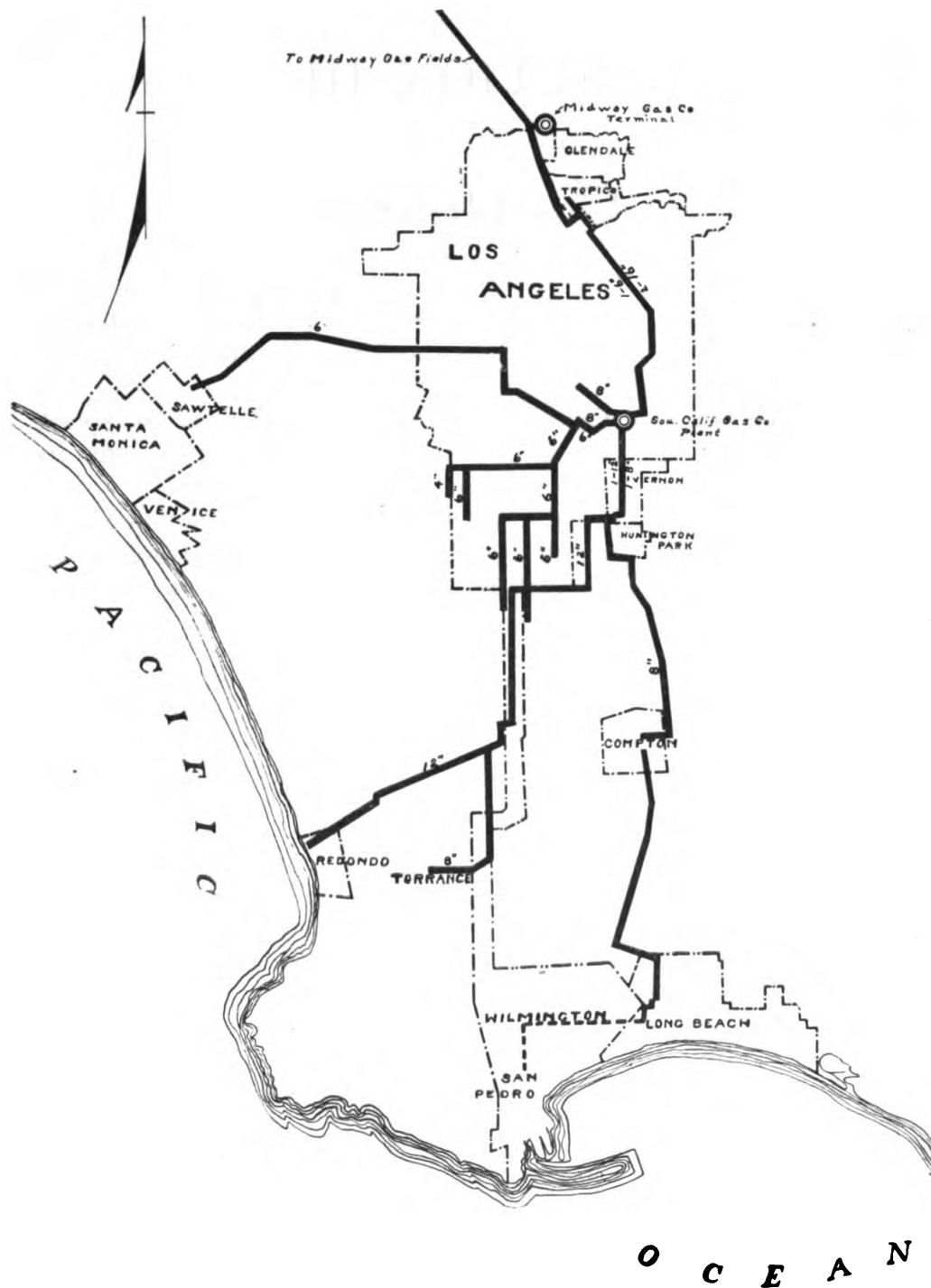


Fig. 6

Map Showing  
Natural Gas Distributing Lines  
in Southern California

The line was designed to operate at a maximum initial pressure of 450 pounds and 50 pounds terminal pressure, and under these conditions was estimated to deliver 1,050,000,000 cubic feet of gas per hour. Operating conditions and demand are such that the daily delivery is much less than the 25,200,000,000 cubic feet theoretical delivery. It is estimated that owing to the nature of the demand, about 18,000,000 cubic feet per day is the most that can be delivered through this line.

The map, Fig. 6, on page 32, shows the main transmission line terminating at Glendale, the two 16-inch lines leading to Los Angeles and a 6-inch line running back from Los Angeles, also the principal local transmission lines radiating from Los Angeles.

The natural gas obtained from the present source contains from 950 to 1050 or more B.T.U. and averages in excess of 1000 B.T.U. The supplying of natural gas in Los Angeles was begun on July 17, 1913, the natural gas being mixed with the manufactured gas as previously supplied. Immediately after the introduction of natural gas the consumption per meter fell off in almost exact proportion to the increase in heat units of the mixture. The fixed charges such as interest and depreciation and a very large portion of the remaining operating expenses are nearly constant for a given number of meters installed, whether the consumption per meter is large or small. The result is that a higher price per thousand cubic feet is necessary for the gas of high heating value than for the former product, due regard being had for the difference in initial cost of the two products.

Investigations regarding the price and consumption of gas in other localities show that in eastern cities where gas is extensively used for heating and industrial purposes the consumption is four and five times that per meter in Los Angeles. We have made studies to show what the effect of increased consumption per meter would have on rates in Los Angeles and find that with a consumption equal to that in eastern states, the rate in Los Angeles could be made 30 cents per thousand cubic feet or less. In order to get this volume of business it will be necessary to educate the people to make new uses of gas for domestic purposes and to put gas in competition with crude oil for certain heating and industrial purposes, where it has a good field. Owing to climatic conditions and the fact that at present there are not the manufacturing industries to create the necessary volume of business, it will of course require time to build up the large consumption which older and established natural gas systems have.

Owing to the increased heating value of natural gas and mixed gas as now supplied, consumers are receiving a distinct

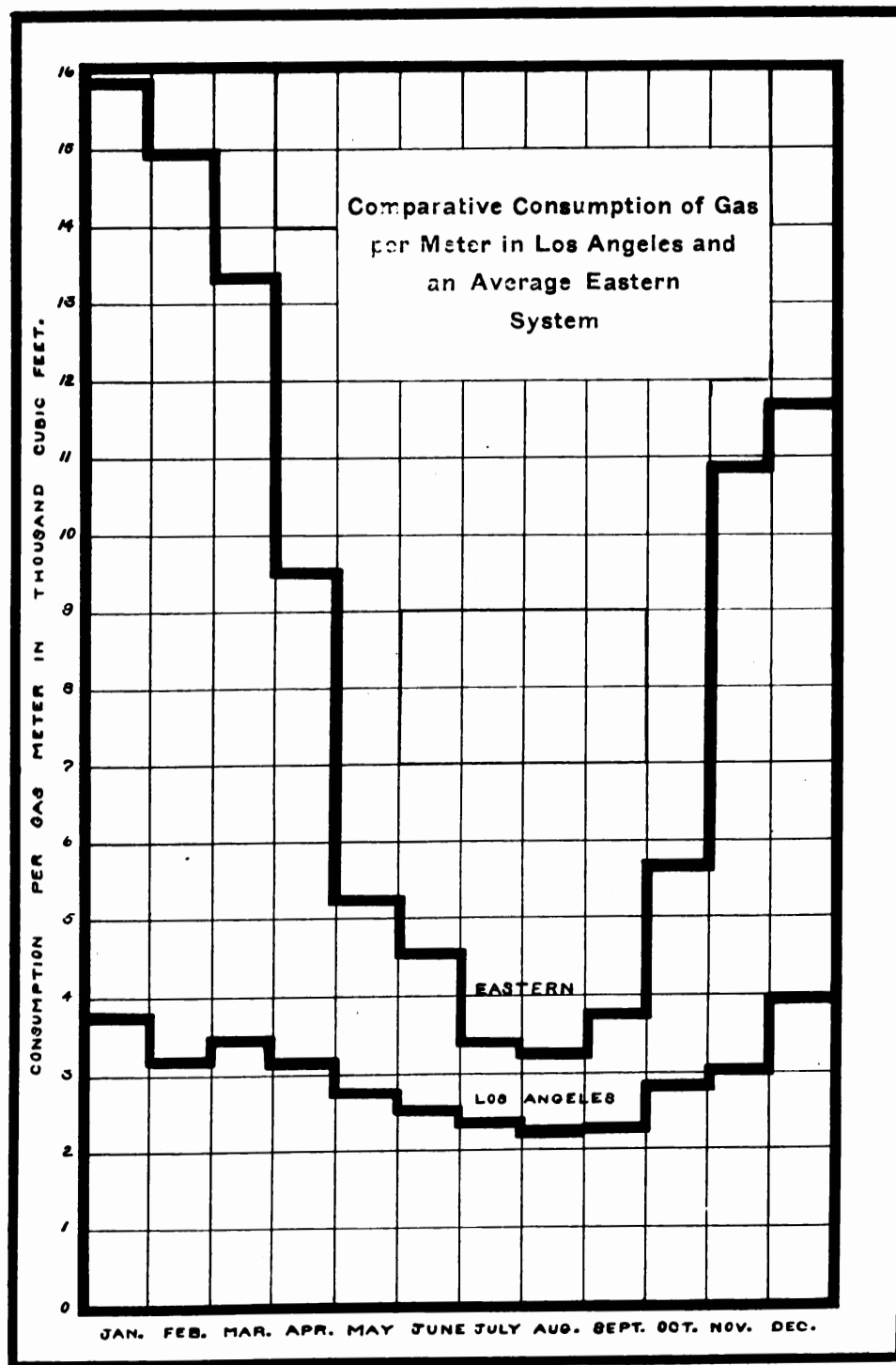


Fig. 7

advantage, although the rates have not been materially reduced, and with a mixture of half natural and half manufactured gas are receiving as much benefit as though the old rate of 70 cents per M. cubic feet for manufactured gas had been reduced to 56 cents per M. cubic feet. For an all natural gas the rate of 68 cents per M. cubic feet is equivalent to a 43 cent rate for manufactured gas.

Fig. 7, page 34, is a comparison of the monthly consumption of gas in Los Angeles with that in a large eastern natural gas system. This bears out fully what has long been held by the Board regarding the difference in rates between Los Angeles and the east and clearly shows that the consumption in these localities enjoying low rates is from three to five times that in Los Angeles during a large portion of the year.

The accompanying diagram, Fig. 8, page 36, shows the relative consumption of gas in Los Angeles on representative winter and summer days. This diagram shows that on a cold winter day the hourly output of gas is over 2,000,000 cubic feet and it has been shown previously that the natural gas line can supply at most about 1,000,000 cubic feet per hour, hence the necessity for large storage capacity and reserve generating capacity in the event of failure of the present single transmission line. Several failures due to washouts and blowouts have already shown the necessity of both holder and reserve generating capacity.

It should also be noted that the winter consumption is over three times that in summer, a fact which requires a large investment to carry the winter load, although in summer only a relatively small portion of the generating capacity is in actual use.

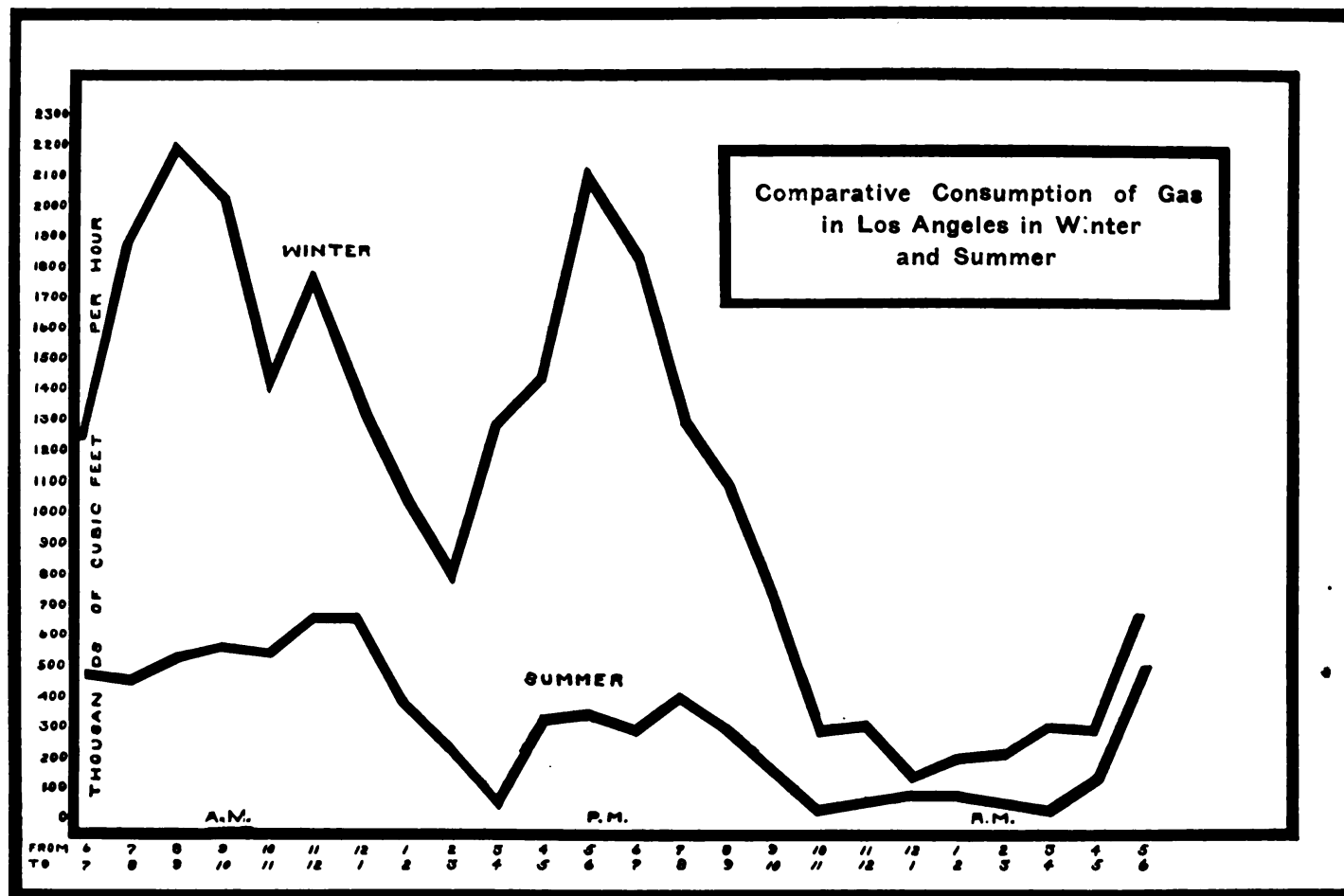


Fig. 8

**TABLE III**  
**SHOWING COMPARATIVE RATE FOR GAS IN UNITED STATES**

<i>CITY</i>	No. of Com.	Rate pr M. Cu.Ft.	Kind of Gas Served	Remarks
Oakland, Cal.* .....	1	\$0.90	Artificial	Sliding Scale
Indianapolis, Ind. ....	1	.55		Sliding Scale
Carson City, Nev.....	1	3.00	Artificial	
Dayton, Ohio .....	1	.30	Natural	
	1	1.00	Artificial	
Omaha, Neb. ....	1	1.25	Artificial	Rebate for Prompt Payment
Astoria, Ore. ....	1	1.80	Artificial	
San Diego, Cal.*.....	1	1.00	Artificial	
Salem, Ore. ....	1	1.60	Artificial	
Tacoma, Wash.....	1	1.15	Artificial	Sliding Scale
Sacramento, Cal. ....	2	.95	Artificial	
Pendleton, Ore. ....	1	2.00	Artificial	
Phoenix, Ariz. ....	1	1.60	Artificial	
Fort Wayne, Ind.....	1	.85	Artificial	
Detroit, Mich. ....	1	.75	Artificial	Sliding Scale
Chicago, Ill. ....	1	.80	Artificial	
Los Angeles, Cal.....	3	.68	Artificial	
		.54	Mixed	
		.40	Natural	
Portland, Ore.* .....		1.00	Artificial	Sliding Scale
Harrisburg, Pa.† .....	1	1.00		10% Discount for Prompt Payment
Pittsburg, Pa. ....	2		Artificial	
Pittsburg .....	6	.30 & 27½	Natural	
San Francisco, Cal.....	1	.75	Artificial	City

\*Minimum bill, 50 cents per month.

†Minimum bill, 30 cents per month.

Los Angeles has, with but one exception, the lowest rate for manufactured gas of any large city in the United States regarding which we have any statistics. The rates have been frequently reduced as conditions warrant. Fig. 9, page 38, shows the frequency and amount of these reductions, beginning on December 1, 1889, at which time the rate was \$2.50 per thousand cubic feet for a gas composed of coal gas and water gas, the rate was reduced to \$2.25 per thousand cubic feet. Soon after this other reductions were made and later the oil gas process introduced, after which further reductions were made. The present rate of 68 cents per thousand cubic feet for manufactured gas brings the rate for this commodity within reach of nearly everyone, and with the advent of natural gas, either mixed with manufactured gas or not, will give the users still further benefits due to the increase in heating value.

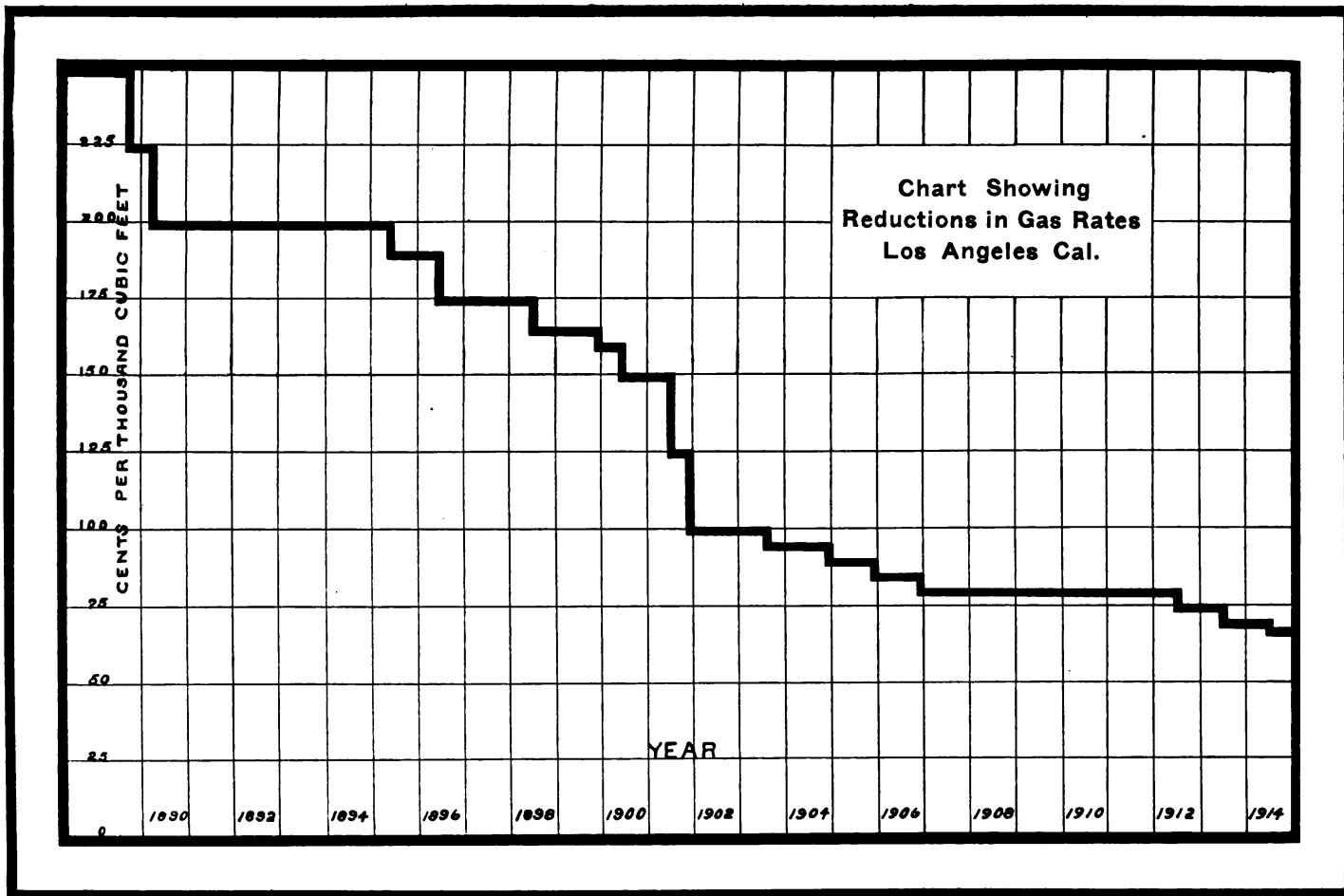


Fig. 9



Table (III), page 37, gives a comparison of the gas rates in Los Angeles and other principal cities of the United States. From this it is seen that with one exception Los Angeles has had the lowest rate for manufactured gas and from other data in the Board's files has the lowest rate for natural gas of any of the large cities in California, and that any cities enjoying a lower rate are situated directly on natural gas fields or that the service is so limited as to be incomparable with conditions in a large city.

### **Candle Power and Pressure**

Up to the time of the introduction of natural gas, the City Ordinances covering the physical properties of gas required a minimum of 600 B.T.U. per cubic foot and an illuminating value of 18 candle power, when burned with a self luminous flame. Inasmuch as the open or fishtail burners have almost entirely been superseded by mantel burners, the matter of candle power is no longer of importance and since the illuminating value of natural gas is very low, it could not come up to ordinance requirements. When burned with mantel burners however, natural gas gives better illumination than manufactured gas, due to its increased heating value. For this reason the Board has recommended to the City Council an amendment to the ordinance covering physical properties of gas which will remove this candle power requirement. It has also been recommended that the ordinance requirement covering the minimum pressure of distribution be increased from two inches to three inches.

### **Rate Regulation**

Soon after the introduction of natural gas there came a popular clamor of low rates, the reason advanced being that eastern cities had rates as low as 25 or 30 cents per thousand cubic feet and in some instances lower. The proponents of this reduction had no data on which to base a legitimate claim for a reduction and were advised by the Board of the true situation, it being pointed out that rates must be fixed according to the conditions entering into each case, and that considering the reasonable investment and volume of business in Los Angeles the rates asked for were impossible.

The City Council on October 2, 1913, instructed the Board to make a temporary rate for natural and mixed gas which rate would be in effect until July 1, 1914, and acting in accordance with these instructions the Board issued Rate Resolution No. 10 in which the rates were fixed as follows:

**Natural Gas—**

Los Angeles, per 1000 cubic feet, 52 cents.  
San Pedro District, 1000 cubic feet, 82 cents.

**Mixed Gas—**

Los Angeles, per 1000 cubic feet, 60 cents.  
San Pedro District, per 1000 cubic feet, 90 cents.

A public hearing was held by the City Council at which protests were heard from numerous associations and private citizens claiming the rates were too high and allowed the companies too great a profit. The hearing lasted for nearly three weeks and no evidence was introduced to support a reduction in the rates established by the Board. At the conclusion of the hearing the City Council on April 23, 1914, passed Ordinance No. 29755, fixing gas rates until June 30, 1914, as follows:

**Natural Gas—**

Los Angeles, 40 cents per 1000 cubic feet.  
San Pedro District, 70 cents per 1000 cubic feet.

No natural or mixed gas was furnished by any of the companies except the Southern California Gas Company, which served about 200 consumers from its natural gas line to Torrance and Redondo. This company brought suit to enjoin the enforcement of the rate, but before the case came to trial the regular rates fixed annually by the Board were up for consideration and the ordinance expired.

In the meantime the Board had continued its study for the purpose of making its annual rate resolution and as a result of its investigation, proposed a rate of 68 cents per thousand cubic feet for manufactured gas, 60 cents per thousand cubic feet for gas composed of a mixture of not less than 50 per cent natural gas and 52 cents per thousand cubic feet for natural gas. In the San Pedro and Wilmington district the consumption per meter is less than half that in the rest of the City, and inasmuch as this district is not served by the companies operating in the rest of the City, a rate based on the conditions obtaining in the locality was made, due consideration being taken of the proper cost of manufacture, distribution, investment and consumption per meter. A rate of \$1.25 per thousand cubic feet was recommended.

According to charter provisions the above rates contained in the Board's Rate Resolution No. 13 were published and a public hearing held by the City Council at which violent protest was made by private citizens and several organizations. As a result of the hearing the Council finally established the gas rate for the year July 1, 1914 to June 30, 1915, as follows:

Manufactured gas, 68 cents per 1000 cubic feet.

Natural gas, 40 cents per 1000 cubic feet.

San Pedro and Wilmington, 90 cents per 1000 cubic feet.

No rate was made for mixed gas. The ordinance, No. 30,206 (N. S.), provides for lower rates for industrial purposes, under the conditions that the domestic demand must be first supplied. It is as follows:

### **GAS RATE ORDINANCES**

**Year July 1, 1914-June 30, 1915**

#### **ORDINANCE NO. 30206 (N. S.)**

An Ordinance finally fixing the rates to be charged and collected for natural gas and gas composed of natural gas and manufactured gas, by any person, firm or corporation supplying or distributing natural gas and gas composed of natural gas and manufactured gas to the City of Los Angeles, or to the inhabitants thereof for the year commencing July 1, 1914, and ending June 30, 1915, and changing and modifying the rates for such service, as fixed by the Board of Public Utilities of the City of Los Angeles.

WHEREAS, the Board of Public Utilities of the City of Los Angeles did, by resolution known and designated as "Rate Resolution No. 13," adopted by said Board on the — day of April, 1914, fix the rates to be charged and collected for natural gas by any person, firm or corporation supplying or distributing natural gas to the City of Los Angeles, or to the inhabitants thereof, for the year commencing July 1, 1914, and ending June 30, 1915, as follows:

By the Southern California Edison Company, a corporation, for supplying or distributing in that portion of the City of Los Angeles lying south of the northerly line and the easterly and westerly prolongation of the northerly line of the City of Wilmington, as the said city existed prior to the consolidation of the cities of Los Angeles and Wilmington, manufactured gas, one and twenty-five hundredths (\$.25) dollars for each one thousand (1000) cubic feet; natural gas, one and twenty-five hundredths (\$.25) dollars for each one thousand (1000) cubic feet; for gas composed of a mixture of manufactured gas and natural gas, one and twenty-five hundredths (\$.25) dollars for each one thousand (1000) cubic feet; by every other person, firm or corporation supplying or distributing in the City of Los Angeles, manufactured gas, sixty-eight (68c) cents for each one thousand (1000) cubic feet; natural gas, fifty-two (52c) cents for each one thousand (1000) cubic feet, of gas composed of a mixture of manufactured gas and natural gas, sixty (60c) cents for each one thousand (1000) cubic feet; and

WHEREAS, immediately upon the adoption of said resolution by said Board of Public Utilities a copy of the same, certified by the Secretary of said Board, was filed in the office of the City Clerk, and said City Clerk did present said resolution to the Council at its next regular meeting and did cause the same to be published for five days in the Los Angeles Daily Journal, a daily newspaper printed and published and circulated in said city, as required by the charter of said city; and,

WHEREAS, within fifteen days after the expiration of the publication of said resolution, as aforesaid, certain persons, firms and corporations interested in or affected by such rates did file objections

thereto with the City Clerk, specifying the grounds of such objections and did petition the Council for a rehearing of such rates; and,

WHEREAS, the City Clerk did lay all such objections before the Council at its next regular meeting after the expiration of the time for filing such objections, and the Council did thereupon proceed to consider such objections and did, by a vote of not less than two-thirds of its members, order a rehearing of such rates; and,

WHEREAS, such rehearing was ordered to be held and was held on the 29th day of May, 1914, and continued from time to time, and completed on the 11th day of June, 1914, in the manner required by law, and at such rehearing evidence both oral and documentary was submitted to the Council in relation to and in support of such rates and in support of such objections; and,

WHEREAS, after hearing such evidence and considering such rates and the objections thereto the Council did order that the rates to be charged and collected by the Southern California Edison Company, a corporation, for supplying or distributing manufactured gas, natural gas and a gas composed of a mixture of natural gas and manufactured gas in that portion of the City of Los Angeles lying south of the northerly line and the easterly and westerly prolongation of the northerly line of the City of Wilmington, as said city existed prior to the consolidation of the cities of Los Angeles and Wilmington, and by every other person, firm or corporation supplying or distributing manufactured gas, natural gas and gas composed of a mixture of natural gas and manufactured gas in said City of Los Angeles, as fixed by said Board of Public Utilities, be changed and modified, and that the rates to be charged and collected by every person, firm or corporation supplying or distributing manufactured gas, natural gas and gas composed of natural gas and manufactured gas in said City of Los Angeles for such service be finally fixed as hereinafter provided:

NOW, THEREFORE, the Mayor and Council of the City of Los Angeles do ordain as follows:

Section 1. That the rates to be charged and collected by any person, firm or corporation supplying or distributing manufactured gas, natural gas, or gas composed of a mixture of natural gas and manufactured gas, to the City of Los Angeles, or to the inhabitants thereof, for the year commencing July 1, 1914, and ending June 30, 1915, as fixed by a resolution of the Board of Public Utilities of the City of Los Angeles, known and designated as "Rate Resolution No. 13," be and the same are hereby changed and modified, and that the rates to be charged and collected for manufactured gas, natural gas, and gas composed of a mixture of natural gas and manufactured gas, by any person, firm or corporation supplying or distributing any of such gas to the City of Los Angeles or to the inhabitants thereof for the year beginning July 1, 1914, and ending June 30, 1915, are hereby finally fixed as follows:

By the Southern California Edison Company, a corporation, for supplying or distributing gas in that portion of the City of Los Angeles lying south of the northerly line and the easterly and westerly prolongation of the northerly line of the City of Wilmington, as the said city existed prior to the consolidation of the cities of Los Angeles and Wilmington, a maximum rate of ninety (90) cents for each one thousand (1000) cubic feet;

That the maximum rate to be charged and collected by every other person, firm or corporation supplying or distributing, in the City of Los Angeles, manufactured gas, sixty-eight (68) cents, for each one

thousand (1000) cubic feet; natural gas, forty (40) cents, for each one thousand (1000) cubic feet;

Any person, firm or corporation supplying or distributing natural gas either mixed with manufactured gas or not to the City of Los Angeles or to the inhabitants thereof, for domestic and commercial uses for the year commencing July 1, 1914, and ending June 30, 1915, and no others, may at any time supply or distribute for industrial purposes any and all natural gas or mixed gas not being used for domestic purposes by the consumer supplied by such person, firm or corporation, at rates to be fixed by such person, firm or corporation, provided, however, that industrial and commercial rates may be less than the maximum rate fixed by this ordinance for natural gas, and shall be fixed upon the basis of the amount consumed or to be consumed, and upon the character of service; provided, further, that each original or amended schedule of such rates must be first filed with the Board of Public Utilities at least five days before the same become effective, and said Board is hereby empowered in its discretion to revise the rates contained in said schedule so as to prevent any discrimination in said rates. The rates contained in any such original or revised schedule shall be the rates to be charged and collected for natural gas, or mixed gas composed of natural gas and manufactured gas used or to be used for industrial or commercial purposes.

It shall be unlawful for any person, firm or corporation supplying gas to the City of Los Angeles or the inhabitants thereof to furnish natural gas either mixed with manufactured gas or not, for commercial or industrial purposes at a rate less than in this ordinance specified, as the maximum rate for such gas, unless such person, firm or corporation shall first supply all of his or its domestic gas consumers with unmixed natural gas.

Sec. 2. For every person, firm or corporation supplying or distributing gas composed of a mixture of natural gas and manufactured gas, herein referred to as mixed gas, to the City of Los Angeles, or to the inhabitants thereof, shall charge for such mixed gas only as follows:

The total amount of natural gas supplied each consumer between meter readings shall be charged for at the rate fixed herein for natural gas, and the total amount of manufactured gas supplied each consumer between meter readings shall be charged for at the rate herein fixed for manufactured gas. The rates to be so used as a basis for charge in any certain portion of said city shall be those especially applying to that portion of said city.

Sec. 3. It shall be unlawful for any person, firm or corporation, either as principal, agent, employe, or otherwise, to charge, demand, collect, or receive any rate or compensation for manufactured gas, natural gas, or gas composed of a mixture of natural gas and manufactured gas, supplied during the period beginning July 1, 1914, and ending June 30, 1915, to the City of Los Angeles, or to any inhabitant thereof, in excess of the rates fixed by this ordinance.

Sec. 4. It shall be unlawful for any person, firm or corporation, either as principal, agent, employe, or otherwise, to charge, demand, collect or receive any rate or compensation for manufactured gas, natural gas or gas composed of a mixture of natural gas and manufactured gas supplied during the period beginning July 1, 1914, and ending June 30, 1915, to the City of Los Angeles or to any inhabitant thereof, less than the rates fixed by this ordinance, except as herein otherwise provided unless an application for a reduction in such rates is made by the person, firm or corporation so supplying such gas, and the consent of the Board of Public Utilities thereto is obtained, in the manner hereinafter provided. Such application shall be in writing and

shall be signed by the person, firm or corporation making the same, and shall be filed with the Board of Public Utilities, and shall state the rate desired to be established. Said application shall be considered by said Board of Public Utilities, and, if granted said Board shall make an order, which shall specify the changed rate, and the date when same shall become effective. Said order shall be published for five (5) days, in a daily newspaper printed, published and circulated in said city before said order takes effect. Upon and after the date so designated in such order, the rate stated in such order made by said Board of Public Utilities, shall be the only lawful rate to be charged, demanded, collected or received by the person, firm or corporation making such application, and upon and after such date it shall be unlawful for such person, firm or corporation, or for any agent or employe of such person, firm or corporation, to charge, demand, collect or receive any rate or compensation in excess of the rate so designated in such order; provided, however, that such rate may be thereafter increased by making application for such increase in the same manner as is herein provided for the decrease in such rates, but no such rate shall be increased to an amount in excess of the rate established by this ordinance. No such decrease or increase of any rate or schedule of rates specified in this ordinance shall be effected without the consent in writing first granted by the Board of Public Utilities, as herein provided.

Sec. 5. It shall be unlawful for any person, firm or corporation, either as principal, agent or employe or otherwise, to charge, demand, collect or receive from the City of Los Angeles, or from any person, firm or corporation therein, any rate or compensation for manufactured gas, natural gas, or gas composed of a mixture of natural gas and manufactured gas, supplied during the period beginning July 1, 1914, and ending June 30, 1915, greater or less than the rate or compensation charged, demanded, collected or received from any other person, firm or corporation for the same service.

Sec. 6. It shall be unlawful for any person, firm or corporation which has not, as provided by this ordinance, established rates different from those established by this ordinance, or for any officer, agent, collector or employe of such person, firm or corporation, directly or indirectly, by the use of false or inaccurate meters, or by false or inaccurate reading of meters, or by any other means, or by any special rebate, drawback or other device, or in any manner or form, to charge, demand, collect or receive any rate or rates, or payment or compensation or consideration for manufactured gas, natural gas, or gas composed of a mixture of natural gas and manufactured gas, greater or less than or different from the rates fixed by this ordinance.

It shall be unlawful for any person, firm or corporation, directly or indirectly, to furnish manufactured gas, natural gas, or gas composed of a mixture of natural gas and manufactured gas, to any other person, firm or corporation other than by meter measurement.

Sec. 7. That any person, firm or corporation violating any of the provisions of this ordinance shall be deemed guilty of a misdemeanor, and upon conviction thereof, shall be punishable by a fine of not more than Five Hundred Dollars (\$500.00), or by imprisonment in the city jail for a period of not more than six (6) months, or by both such fine and imprisonment.

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Sec. 8. That in order to conform to the provisions of the charter of the City of Los Angeles, and to provide for the taking effect of the rates fixed by this ordinance on July 1, 1914, this ordinance is urgently required for the immediate preservation of the public peace, health and safety; and the City Clerk shall certify to its passage by a unanimous vote and cause the same to be published once in Los Angeles Tribune and thereupon and thereafter it shall take effect and be in force.

I hereby certify that the foregoing ordinance was passed by the Council of the City of Los Angeles by the unanimous vote of all the members of said Council present, there being not less than seven members present, at its meeting of June 13, 1914.

CHAS. L. WILDE, City Clerk.

Approved this 13th day of June, 1914.

H. H. ROSE, Mayor.